



# VIETNAM DAILY NEWS

January 9th, 2020



**Table of content**

## **Table of content**

- 1. Bank stocks push markets up**
- 2. Steel sector faces troubles in 2019**
- 3. Gov't Office chief wants business costs lowered**
- 4. Vietnam's AI development eyes breakthrough technology**
- 5. HCM City sets development goals for 2020**
- 6. Private firms to be highlight of economy in long term: forum**
- 7. Core inflation forecast at 2.5% this year**
- 8. EIB: Change of Trading Office Address**
- 9. VPB: Record date to collect shareholders' opinion**

## Market Analysis

### 1. Shares retreat as US-Iran conflict hits sentiment

Viet Nam's stock market fell on Wednesday in line with global markets on increasing investor caution over conflict between the US and Iran.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange slumped 1.03 per cent to close at 948.98 points.

Nearly 319.2 million shares were traded on the southern bourse, worth VND5.2 trillion (US\$223.4 million).

The index gained 0.32 per cent to close Tuesday at 958.88 points.

Market breath was negative with 263 stocks declining and 78 gaining, while 39 ended flat.

On Tuesday, Iran fired a number of missiles at US air bases in Iraq. Iran aimed to retaliate against the US drone attack which killed a top Iranian official last week, raising concerns about conflict in Middle East.

However, Iran's foreign minister Mohammad Javad Zarif said Iran did not want to start a war but exercised its right to self-defence in the UN Charter. He emphasised that Iran had "completed" its retaliation and "did not seek escalation or war but would defend ourselves against any aggression".

The attack made investors worried about high-risk assets like stocks, which led to a decline in US stock market on Wednesday. S&P futures dropped 1.7 per cent and the benchmark US 10-year Treasury yield fell to a one-month low.

Asian stock markets also decreased across the board. Japan's Nikkei 225 lost 1.57 per cent to end at 23,204.76 points. Meanwhile, in China, the Shanghai Composite, Shenzhen Composite, and blue-chip CSI 300 all declined, respectively by 1.22 per cent, 1.24 per cent, and 1.15 per cent. Hong Kong's Hang Seng stood at 28,087.92 points, down

0.83 per cent. South Korea's Kospi lost 1.11 per cent.

According to Reuters, global oil and gold prices surged by about 5 per cent and 2 per cent, respectively.

On the local market, gold prices soared to hit a new peak, with the price for one tael of SJC gold sold at around VND44.50 million (US\$1,911) at the biggest gold firms of SJC and Bao Tin Minh Chau.

Pillar stocks corrected and put pressure on the market, including Vinhomes (VHM) (-1.6 per cent), Vietcombank (VCB) (-0.9 per cent), Vincom Retail (VRE) (-3.7 per cent), Techcombank (TCB) (-1.9 per cent), Vingroup (VIC) (-0.3 per cent), Masan Group (MSN) (-1.4 per cent), Vietjet (VJC) (-0.8 per cent), Sabeco (SAB) (-0.4 per cent), Vietinbank (CTG) (-0.2 per cent) and PetroVietnam Gas JSC (GAS) (-0.1 per cent).

On a sector basis, three of the 25 sectors on the market increased, including seafood processing, oil and gas and manufacturing.

In the opposite direction, wholesale, insurance, real estate, securities, information and technology, retail, banking, agriculture, healthcare, agriculture and plastic all decreased.

On the Ha Noi Stock Exchange, the HNX-Index lost 1.07 per cent to end at 100.33 points on Wednesday.

Nearly 44.5 million shares were traded on the northern market, worth VND448 billion.

The northern index increased 0.18 per cent to end Tuesday at 101.42 points.

Foreigners net sold VND160.21 billion on HOSE but were net buyers on the HNX with a value of VND2.37 billion. — VNS.

## Macro & Policies

### 2. Vietnam needs a new filter for better foreign investment inflow

Experts have called on the Vietnamese government to set new standards to sort out investment projects so as to ensure that foreign capital inflow into the country is truly qualified and environmentally friendly.

The move was made after the emergence of new trends in foreign investment inflow into Vietnam last year, including a rapid growth in investment from mainland China and Hong Kong.

Reports from the Foreign Investment Agency (FIA) under the Ministry of Planning and Investment showed that the number of FDI commitments from mainland China and Hong Kong last year hit a record high of US\$7.87 billion.

According to Nguyen Huu Thang, former general director of FIA, though the acceleration of capital shift was attributed to impacts of the US-China trade friction and the current instability situation in Hong Kong, many experts still express certain concerns on the quality of the projects relocated to Vietnam, and who the investors actually are.

“So now may be the time to install a filter for foreign investors so that the country can choose those who are really capable and come with green initiatives, because the period of ‘red carpet’ welcome for all investors is over,” Thang stressed.

Investment screening is necessary to select and protect the prestige of investors – those who have the record of compliance with laws on investment of the host country, Thang explained, adding that at the same time, such a procedure protects the development of foreign investment in Vietnam in the coming period.

With a proper filter, Vietnam will identify the trend of foreign investment inflows in the coming period, ensuring the highest efficiency and space for true investors in the country, he said.

#### Fresh direction

Vietnam has so far also outlined primary strategies to lure high quality foreign investment until 2030

under the Politburo's Resolution No.50-NQ-TW issued last August.

The resolution pointed out that institutions and policies regarding foreign investment have yet to suit development requirements, adding that the number of small-scale and low-tech projects remains high, the foreign-invested businesses have so far failed to produce the sufficient spillover effects to other economic sectors, and the localization ratio remains modest.

Under the resolution, projects with advanced and environmentally-friendly technology and high added value will be prioritized, along with the need to diversify partners and investment methods. The ratio of businesses using advanced technology and modern management without harming the environment is expected to increase to 50% in 2025 and 100% in 2030.

According to Thang, this is a particularly important resolution that needs to be seriously implemented from the central to local levels as it will promote activities of attracting and using foreign investment in Vietnam in the coming period in the right direction, bringing higher socio-economic efficiency and sustainability in all aspects of economy and society, security, defense, culture, and foreign affairs. Most importantly, it will surely get the consensus and appreciation of international partners, especially of true investors.

Deputy Minister of Planning and Investment Vu Dai Thang said that reform of legal policy and development of infrastructure and human resources are the three key factors for Vietnam to efficiently welcome new-generation and high-quality FDI. In the resolution, legal reform is the premise in the path.

Thus far, Thang said, the Ministry of Planning and Investment has institutionalized directions in the resolution through the amendments of the Law on Investment 2014 and the Law on Enterprises 2014 as well as the drafting of the Law on Public-Private Partnership.

### 3. Hanoi hotel room rates skyrocket for maiden F1 season

Tour firms expected the event to attract more international tourists to the country. Many three-to-five star hotels in the city are already fully booked, prompting tour operators to seek partnerships with newly opened three-star hotels that are still building their businesses.

Room rates recorded at several five-star hotels during the event, taking place between April 3 and 5, are two- to threefold higher than on other days. Some of these hotels are even offering rooms for VND17-18 million per night, said Bui Viet Thuy Tien, managing director of Asian Trails Company.

Accordingly, her firm has only arranged incentive tours for tourist groups on the occasion. Tours for regular tourists are impossible to design because of soaring hotel room charges.

Room rates at other destinations are often raised during large events but are not tripled like those in Hanoi, Tien added.

As a result of the excessive hotel room fees, some Finnish tourists decided to attend a similar F1 event in China's Shanghai, instead of Hanoi.

Pham Ha, CEO of Luxury Travel Group, said that he had to book rooms and make full payments for customers visiting the city during the event and pledged not to cancel his bookings or ask for a refund.

At the time of booking, the price of each five-star hotel room was listed at US\$200-US\$300 per night but has now risen to US\$400-US\$600, Ha noted.

Another businesswoman also voiced concern over the shortage of hotel rooms during the F1 season in Hanoi.

Regular tourists were advised to visit the capital city on other days or to stay overnight in Ha Long or Ninh Binh. However, it is not easy to find available rooms for tourists who wish to spend all their time in Hanoi.

The capital city typically faces a hotel undersupply during major events. Two years ago, tour operators were desperate to find rooms for their customers attending a local APEC forum, she added.

### 4. Vietnam to imports 100,000 tons of pork in Q1 to offset shortage

Vietnam would import 100,000 tons of pork in the first quarter this year to stabilize the domestic market and lower pork prices, which have surged since the outbreak of African swine fever, according to the Ministry of Industry and Trade (MoIT).

Statistics from the Ministry of Agriculture and Rural Development (MARD) suggested the fever led to a decline of 14% of pork supply compared to 2018.

As of December 2019, the nation's hog herd shrank by 25.5% year-on-year, causing pork output to fall 13.8% year-on-year to 3.29 million tons.

Under such a circumstance, the Export – Import Department under the MoIT has been working with traders to import pork from countries such as the US, France and Belgium.

The US Department of Agriculture forecast the world's pork supply in 2020 to decline by 10% due to the fever. Pork production in China would decrease 25%, 16% in the Philippines, and 6% in Vietnam.

The MoIT said it is closely working with the MARD in ensuring the demand-supply balance of pork in the domestic market, while supervising the quality of imported pork.

Over the past few days, prices of live hogs in Vietnam's south-western region fell by VND20,000 (US\$0.86) compared to the end of 2019 to below VND80,000 (US\$3.44) per kilogram. In the northern region, the price has declined by VND10,000 (US\$0.43) to below VND90,000 (US\$3.87) per kilogram.

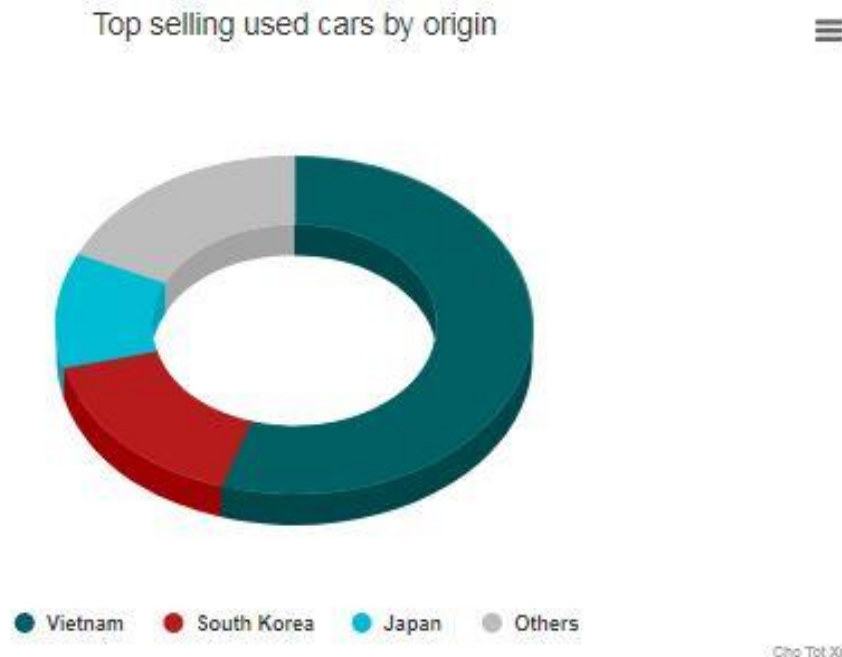
Deputy Prime Minister Vuong Dinh Hue said in a government meeting last December that pressure from high pork prices may push inflation to over 4% in the first quarter of 2020.

Meanwhile, Prime Minister Nguyen Xuan Phuc said with the remaining of 25 million pigs after the African swine fever, Vietnam has sufficient pork supply for the domestic market.

## 5. Half of Vietnamese buyers favor used cars assembled locally

This figure is several times higher than the 16 percent who favor South Korea and the 11 percent

stuck on Japan, according to Cho Tot Xe, a popular car listing website in Vietnam.



Ho Chi Minh City residents prefer newer, more expensive vehicles compared to those in Hanoi, the website's data shows.

HCMC buyers favor used models released in the previous three years at a cost of VND300-700 million (\$12,900-30,200). The top three models are Hyundai Grand i10 2016, Mazda CX 5 2017 and Honda City 2016.

But buyers in Hanoi are more interested in vehicles priced less at VND300-400 million (\$12,900-17,200), which date back to 2015, such as the Toyota Vios 2015, Hyundai Grand i10 2015 and Kia Morning 2015.

The demand for used cars is on the up, listings on Cho Tot Xe rising 22 percent from 2018 to 200,000 last year, with the most popular brands Toyota, Kia and Hyundai.

Sedans were the most popular used car types in 2019, with Honda City 2016, Toyota Vios 2017 and Mazda 3 2018 the top three.

Toyota Innova maintained the best used price in 2019 at VND678-740 million (\$29,220-31,890), followed by Chevrolet Spark and Ford Ranger.

Vietnam has been striving to develop its car industry for decades, but experts say the small market size has constrained local producers. The localization rate of passenger cars in Vietnam is at 7-10 percent, compared to 55-60 percent across ASEAN.

The country imported 133,696 vehicles in the first 11 months last year, up 95.6 percent year-on-year, mostly from Thailand and Indonesia, according to Vietnam Customs.



289,128 cars were sold throughout Vietnam in the same period, up 14 percent year-on-year, according

to Vietnam Automobile Manufacturers Association (VAMA).

## 6. Vietnam sees huge growth in tourism in 2019

The tourism industry has contributed the country's national growth, being one of 10 countries with the highest tourism growth in the world in 2019.

Vietnam won awards such as “Asia's Best Destination,” “The world's leading heritage destination in 2019,” and a “World Golf Destination.” The World Travel Awards also named Vietnam “Asia's leading culinary destination.” With its beautiful landscape, friendly people, varying cuisines, great accommodations, and affordable costs Vietnam has become an ideal travel destination. The country has even begun to open up several halal food restaurants, catering to Muslim Indonesian tourists.

Vietnam successfully hosted the ASEAN Tourism Forum 2019, the 2nd USA-DPRK summit and the UN Vesak Day 2019, which all helped in attracting more tourists. The country moved from 75th out of

141 in 2015 to 63rd out of 140 in 2019 in the World Economic Forum tourism rankings.

The Ministry of Culture, Sports and Tourism has set a goal of 20.5 million foreign tourists and 90 million domestic tourists for the upcoming year.

Deputy Minister Le Quang Tung said: “Localities need to exploit their potential to ensure sustainable tourism growth in order to boost local socioeconomic development. It's necessary to mobilize more resources for tourism development, focusing on public-private partnership and the role of strategic investors in infrastructure and modern tourism development, and encouraging the community to participate in sustainable tourism development.”

Vietnam is set to serve as ASEAN chair and host a Formula One race in Hanoi this year.

## 7. 90 percent of Vietnam's migrant workers in Taiwan, Japan

A total of 147,387 Vietnamese worked overseas in 2019, with about 80,000, or 54 percent, working in Japan, while 54,480, or 37 percent, worked in Taiwan, CNA reported on Tuesday (Jan. 7).

This was the highest number of migrant workers from Vietnam in six years, surpassing the Vietnamese labor authority's goal of 120,000 for 2019. The Vietnamese government sees its overseas workers as part of a national policy to eliminate poverty and acquire wealth, the CNA report said.

Currently 650,000 Vietnamese migrant workers are working in 40 countries, according to the Vietnam labor authority report. Furthermore, 2019 was the fourth consecutive year that Vietnam saw more than 120,000 overseas workers in a year, the report said.

Taiwan welcomed the most Vietnamese workers in the past, but this changed after Japan opened up to foreign labor.

## Corporate News

### 8. Stock market briefs Jan 8, 2020

↓ -6.92%

HCMC – Orient Commercial Bank is seeking approval from shareholders to sell an 11% stake, equivalent to 86.86 million shares, to Japan's Aozora Bank via private placement. The shares issued to Aoroza Bank will not be transferable in three years.

HCMC – Vietnam Airlines (VNA) plans to operate nearly 600 flights from January 9 to February 2 this year on the occasion of the traditional Lunar New Year holiday (Tet), a year-on-year increase of 12%. The national flag carrier's additional flights will focus on popular routes including Hanoi-HCMC, HCMC-Danang, HCMC-Vinh and Hanoi-Phu Quoc.

HCMC – KB Securities Vietnam Company has launched the online trading version KB-able, a new trading channel integrating advanced features to bring optimal benefits to investors. Based on technology 4.0, KB-able will be one of

the technological experience chains that KBSV brings to investors this year.

HANOI – Saigon-Hanoi Commercial Bank (SHB) has gained approval to sell 552.2 million shares to existing shareholders. The share issue will help the bank increase its charter capital by VND5.53 trillion to VND15.57 trillion as approved at its annual shareholder meeting in early 2019. Of the total, more than 251 million shares will be issued to pay a dividend to shareholders. Another 300 million shares will be sold at a 1-for-4 ratio, meaning every shareholder can buy one new share for every four shares held.

HANOI – TNG Investment and Trading Company (TNG) said its total revenue rose 26% year-on-year to VND4.56 trillion in 2019, beating the full-year target by 9.7%. Of which, its exports revenue climbed 26% to VND4.35 trillion in 2019, while its domestic revenue soared 35% to VND206 billion.

### 9. MWG: The record date for convening annual general meeting 2020

↓ -2.42%

Mobile World Investment Corporation announces the record date to determine the list of shareholders to convene the 2020 Annual General Meeting of Shareholders:

- Record date: February 20, 2020

- Purpose: to convene

- Exercise ratio: 01 share – 01 voting right

- Meeting date: estimated on March 27, 2020

- Meeting venue: the meeting venue will be notified.

**Research Team:** Tsugami Shoji    *Researcher*    [jsi@japan-sec.vn](mailto:jsi@japan-sec.vn)

**Disclaimer:**

*Copyright 2015 Japan Securities Incorporated (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.*

***Japan Securities Incorporated – JSI***

*Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi*

*Tel: (024) 3791 1818*

*Fax: (024) 3791 5805*

*Email: [info@japan-sec.vn](mailto:info@japan-sec.vn)*

*Website: [www.japan-sec.vn](http://www.japan-sec.vn)*