VIETNAM MONTHLY OVERVIEW

November, 2015

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HOSE (Ho Chi Minh Stock Exchange)	
Index	**573.2**
Percentage change (monthly)	-5.63%
Percentage change (year-to-date)	13.59%
52-week high	638.7
52-week low	518.2
Liquidity	
Total monthly trading volume (shares)	2,787,512,802
Total monthly trading value (million USD)	2,144.11
Average 52-week trading value (million USD)	431.37
Foreign investor activity	
Buying value (million USD)	276.13
Selling value (million USD)	298.26
Net sales (million USD)	22.13

HNX (Hanoi Stock Exchange)	
Index	**80.6**
Percentage change (monthly)	-1.98%
Percentage change (year-to-date)	18.81%
52-week high	89.5
52-week low	73.1
Liquidity	
Total monthly trading volume (shares)	1,080,209,881
Total monthly trading value (million USD)	489.56
Average 52-week trading value (million USD)	126.31
Foreign investor activity	
Buying value (million USD)	12.24
Selling value (million USD)	7.14
Net buy (million USD)	5.10

Top 5 Gainers	% change	Top 5 Losers	% change	Top 5 Most liquid	Total value (mil USD)
TNT	68%	HSG	-32%	VNM	229.97
OGC	38%	KAC	-31%	FPT	111.41
KSA	30%	DTA	-29%	FLC	108.01
TDW	23%	LDG	-28%	CII	73.52
PNJ	22%	VSI	-23%	HHS	65.68

Top 5 Gainers	% change	Top 5 Losers	% change	Top 5 Most liquid	Total value (mil USD)
SIC	110%	VC3	-63%	SCR	33.22
OCH	83%	VTV	-29%	TIG	30.42
BSC	53%	SGC	-29%	SHB	20.50
SGH	53%	TNG	-28%	KLF	20.24
DPS	51%	C92	-27%	VCG	18.31

TNT	Tai Nguyen Corporation
OGC	Ocean Group Joint Stock Company
KSA	Binh Thuan Hamico JSC
TDW	Thu Duc Wasuco JSC
PNJ	Phu Nhuan Jewelry Joint Stock Company
HSG	Hoa Sen Group
KAC	Khang An Real Estate JSC
DTA	De Tam Joint Stock Co
LDG	LDG Investment Joint Stock Company
VSI	Water Supply Sewerage Construction and Investment JS Co.
VNM	Vietnam Dairy Products JSC
FPT	FPT Corporation
FLC	FLC Group
CII	Ho Chi Minh City Infrastructure Investment JSC
HHS	Hoang Huy Group
SIC	Song Da Investment - Development JSC
OCH	Ocean Hospitality and Services JSC
BSC	Ben Thanh Service JSC
SGH	Saigon Hotel Corporation
DPS	Soc Son Development Investment Join Stock Company
VC3	Construction JSC No 3
VTV	Cement Materials and Transportation JSC
SGC	Sa Giang Import Export Corporation
TNG	TNG Iinvestment and trading JSC
C92	Engineering Construction JSC No 492
SCR	SacomReal JSC
TIG	Thang Long Invest Group JSC
SHB	SaHaBank
KLF	KLF Joint Venture Global Investment JSC
VCG	Vietnam Construction and Import-Export JSC

Economic Data (*)

	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15
Industrial Production (YoY)	9.60%	17.50%	7.00%	9.10%	9.50%	7.50%	11.10%	11.30%	9.00%	10.10%	8.80%	8.90%
Retail Sales (YoY)	8.60%	13.00%	11.60%	9.40%	7.10%	9.30%	9.20%	12.30%	10.10%	9.70%	6.70%	6.60%
Consumer Price Index (MoM)	-0.24%	-0.20%	-0.05%	0.15%	0.14%	0.16%	0.35%	0.13%	-0.07%	-0.21%	0.11%	0.07%
Consumer Price Index (YoY)	1.84%		0.34%	0.93%	0.99%	0.95%	1.00%	0.90%	0.61%	0.00%	0.00%	0.34%
Export Value (YoY)	13.50%	9.70%		4.20%	6.60%	9.00%	16.60%	10.80%	9.50%	12.80%	2.70%	7.90%
Import Value (YoY)	15.50%	35.50%		7.40%	19.30%	13.00%		14.80%	18.70%	9.90%	4.00%	14.40%
Trade Balance (USDbn)	0.00	0.50	(0.50)	1.80	1.20	0.00	0.80	(0.50)	0.30	0.20	0.30	(0.30)
Disbursed FDI (USDbn)	1.20	0.50	0.70	1.85	1.15	0.75	1.35	1.00	1.20	1.20	2.10	1.40
Net foreign portfolio investment (USDm)	-3.46	-8.42	54.57	-43.11	84.80	64.15	71.28	34.66	-36.00	46.00	51.80	-17.03
Accumulated	**12M-14**	**1M-15**	**2M-15**	**3M-15**	**4M-15**	**5M-15**	**6M-15**	**7M-15**	**8M-15**	**9M-15**	**10M-15**	**11M-15**
GDP (YoY)	5.98%			6.03%			6.28%			6.50%		
Industrial Production (YoY)	7.60%	17.50%	12.00%	9.10%	9.40%	9.20%	9.60%	9.90%	9.90%	9.80%	9.70%	9.70%
Retail Sales (YoY)	10.60%	13.00%	11.40%	10.00%	8.80%	9.10%	9.80%	9.90%	10.10%	9.80%	9.60%	9.40%
Export Value (YoY)	13.60%	9.70%	8.60%	6.90%	8.20%	7.30%	9.30%	9.50%	9.00%	9.60%	8.50%	8.30%
Import Value (YoY)	12.10%	35.50%	16.30%	16.30%	19.90%	15.80%	17.70%	16.40%	16.40%	15.90%	14.30%	13.70%
Trade Balance (USDbn)	2.00	0.50	0.00	1.80	3.00	3.00	3.80	3.30	3.60	3.80	4.10	3.80
Disbursed FDI (USDbn)	12.40	0.50	1.20	3.05	4.20	4.95	6.30	7.30	8.50	9.70	11.80	13.20
Net foreign portfolio investment (USDm)	139.72	8.42	62.99	19.88	104.68	168.83	240.11	274.77	238.77	284.77	336.57	319.54
Yearly data	**2011**	**2012**	**2013**	**2014**								
GDP	5.89%	5.03%	5.42%	5.98%								
Industrial Production	6.80%	4.80%	5.90%	7.60%								
Retail Sales	24.20%	16.00%	12.60%	10.60%								
Consumer Price Index	18.58%	9.21%	6.60%	4.09%								
Export Value	33.3%	18.30%	15.40%	13.60%								
Import Value	24.7%	7.10%	15.40%	12.10%								
Trade Balance (USDbn)	(9.50)	0.30	0.90	0.18								
Disbursed FDI (USDbn)	11.00	10.50	11.50	12.40								
Net foreign portfolio investment (USDm)	322.69	497.79	310.06	139.72								
Credit growth	10.90%	6.45%	12.51%	12.62%								
Money supply growth	12.37%	19.85%	16.13%	15.99%								

(*)

- *Data sourced directly from GSO (General Statistics Office). Inconsistencies may arise due to unpublished adjustments to past records.*
- *Monthly data represents estimate at current month end. Accumulated data represents actual data of previous months plus estimate data of current month*

Inflation lowest in Vietnam in 14 years

The CPI in November rose just 0.07 per cent compared to October and 0.34 per cent year-on-year, according to the General Statistics Office (GSO). From January to November it increased a mere 0.58 per cent; the lowest rate recorded for 14 years. After a stronger increase last month, restaurant and catering services saw a 0.05 per cent decline in November, with meat falling 0.01 per cent and cereal increasing 0.31 per cent and dining out 0.07 per cent. After falling for the last eight months cereal rose due to Vietnam winning contracts to supply rice to the Philippines and Indonesia. This is a good sign given that domestic supply is ample. The price of meat is falling, especially pork, because supply is plentiful. The second strongest growth sector is housing, building materials, electricity, and fuel, which increased 0.32 per cent compared to October, due to rising retail gas and water prices. Hats and footwear increased 0.14 per cent, as winter approaches in the north and the price of warmer clothing goes up. In previous months education and healthcare saw a strong increase because August and September see the start of the new school year. In November tuition fees from primary to high school were stable, and the price of healthcare will not increase until next year. The transport sector falling 0.38 per cent compared to October was largely responsible for the CPI in November only rising slightly, with cuts to the petrol price made on October 19 and November 13. Gold and the US dollar, though excluded from the CPI basket, also fell, by 0.64 and 0.32 per cent, respectively, compared to last month. According to the GSO, core inflation (excluding fresh cereal, meat, energy, and education and healthcare) in November rose 0.05 per cent compared to October and 1.72 per cent year-on-year. *VN Economic Times*

FDI disbursement up 17.9% in 11 months

Disbursement of foreign direct investment (FDI) in Viet Nam reached an estimated US$13.2 billion from the beginning of 2015 until November 20, up 17.9 per cent against 2014. Data from the General Statistics Office (GSO) showed that the country attracted $20.22 billion worth of FDI during the reviewed period, a year-on-year rise of 16.7 per cent. Of the sum, 1.855 new foreign-invested projects contributed $13.55 billion while the remainder was from 692 operating projects which raised their capital. During the reviewed period, the manufacturing and processing sector lured the largest share of FDI with $12.93 billion or 64 per cent of the nation's FDI. The production and distribution of electricity, gas, hot water, steam and air conditioners came second with $2.78 billion or 13.7 per cent, while real estate trading ranked third with $2.33 billion or 11.5 per cent. HCM City remained the most attractive destination to foreign investors as it absorbed more than $2.54 billion, making up 18.8 per cent of total FDI registered in the country. It was followed by Tra Vinh Province with $2.52 billion or 18.6 per cent, Dong Nai Province with $1.46 billion or 10.8 per cent, Binh Duong Province with $1.18 billion or 8.8 per cent, and the capital city with $813 million or 6 per cent. From January to November 20, South Korea was Viet Nam's largest source of FDI with more than $2.5 billion, accounting for 18.6 per cent of the country's total new FDI, followed by Malaysia with over $2.4 billion, the United Kingdom with $1.3 billion, and Japan with $1.26 billion, apart from Taiwan with $911 million. *VNS*

11-month industrial production index up 9.7 percent

The national index of industrial production (IIP) surged 9.7 percent year-on-year in the first 11 months of 2015, according to the General Statistics Office (GSO). In November alone, the index increased 8.9 percent against the same period last year. During the period, automobile registered the highest IIP rise of 29.8 percent, followed by television and mobile phone, up 51.1 percent and 38.7 percent, respectively. Stable hikes were seen in some other products such as leather footwear (18.3 percent), laminated steel (18.2 percent), powder milk (17.3 percent), and fresh milk (15 percent). The northern province of Thai Nguyen took the lead with an IIP rise of 107.3 percent, followed by the central province of Quang Nam (34.6 percent) and the northern port city of Hai Phong (16.5 percent). In the two biggest cities of Hanoi and Ho Chi Minh City, the industrial production index expanded by 7.9 percent and 7.7 percent, respectively. As of November 1, the inventory index of the manufacturing and processing industry increased 9.7 percent compared to the same period last year, GSO said. Meanwhile, the number of labourers working for industrial enterprises surged 6.3 percent year-on-year. *Vietnamplus*

Nov trade deficit narrows to $3.8b

Viet Nam's trade deficit narrowed to US$3.8 billion in the first 11 months of this year, from the $4.1 billion recorded for the first 10 months. According to the General Statistics Office (GSO), the reduction was thanks to an $18.8 billion trade surplus achieved by foreign direct investment (FDI) enterprises, compared to a $15 billion deficit generated by domestic businesses during 11 months. So far this year, export revenues have totalled about $148.71 billion, up 8.3 per cent over the same period last year. Exports by FDI companies hit $105.10 billion, a year-on-year increase of 13.5 per cent, while those by local firms reached $43.6 billion, a year-on-year decline of 2.1 per cent. The FDI sector posted high turnover for most of its major exports. For example, telephones and components reached $28.5 billion, up 29.6 per cent; computers, electronic products and components reached $14.3 billion, up 38.2 per cent. Garment and textile products reached $20.7 billion, up 9.1 per cent, machinery and equipment reached $7.4 billion, up 11.2 per cent, while timber products reached $6.2 billion, up 9.5 per cent. Meanwhile, the domestic sector witnessed reduction in its key exports, with crude oil especially falling by 48.3 per cent year-on-year at $3.53 billion, following global oil price declines. Rice was also down 48.3 per cent at $2.66 billion, while coffee dropped by 29.3 per cent at $2.34 billion, and rubber declined 14.2 per cent at $1.38 billion. During the first 11 months, the country's import values totalled nearly $152.5 billion, an increase of 13.7 per cent over the same period last year. The total import value of local businesses was $62.3 billion, a year-on-year rise of eight per cent, while that of FDI companies was $90.2 billion, up 18.1 per cent. The GSO said imports mainly served production and processing for export, and the main imports were machinery and equipment, growing by 25.7 per cent at $25.3 billion; computer, electronic products and components, increasing 27.7 per cent at $21.6 billion. They also included telephones and components, which rose by 29.7 per cent at $10.1 billion, cloth, which increased 8.3 per cent at 9.3 billion, garment, textile and footwear materials, which were up eight per cent at $4.6 billion. Automobile imports soared 60 per cent at $5.3 billion. However, iron and steel were down one per cent at $6.84 billion, with cheap products being imported massively, and petrol plummeted nearly 32 per cent at $4.83 billion, due to the fall in the global oil price. The GSO forecast that the country's trade deficit will expand next month as crude oil and farm produce exports are likely to continue to decrease. But the agency expected that the deficit will be controlled at less than five per cent of all export revenues, as the country has targeted this year. *Vietnamnews*

The consumer finance market of Vietnam reaches $10.4b in scale

The StoxPlus joint stock company has released a report on the consumer finance market in 2015. Accordingly, the scale of the market is about 10.4 billion US dollars. Home Credit and FE Credit are the two market leading businesses. Data of the State Bank of Vietnam (SBV) showed that Home Credit (PPF) leads the market with the highest growth rate of 23.1 percent in 2014, while FE Credit (of the Vietnam Prosperity Bank) ranks the second in the outstanding loans. However, according to data of StoxPlus, the outstanding of FE Credit is much larger than the number provided by the State Bank of Vietnam (SBV) and it is the market leader. StoxPlus acknowledged that the consumer lending market of Vietnam has been growing fast, due to the strong shift from corporate credit to consumer credit, in the context when the production and business activities of enterprises faced various difficulties in the period of 2012-2014. In August 2014, the consumer lending market of Vietnam developed by 18 percent in scale compared to the previous year. Companies holding large market shares in the market at the present time are Home Credit, FE Credit, HD Saison Finance, Prudential Finance, ACS Trading, and JACCS, etc. According to survey, the lending of finance companies has been growing rapidly and accounts for up to 10 percent of the total outstanding consumer loans. The survey of StoxPlus also showed that over 70 percent customers of the finance companies having monthly income ranging from three to seven million dong per month. Notably, the lending rate is fairly high, from 13 percent per annum to 63 to 70 percent per annum. Home Credit offers the highest lending rate, while ACD Trading and Mobivi offer the lowest lending rate. Regarding lending procedures, HD Saison Finance and FE Credit are judged to have the simplest procedures. In contrary, Prudential Finance has the most complex procedures, which can be compared with banks'. Commenting on the future trend, StoxPlus stated that cash lending and electronic wallet will continue to be the new trend in Vietnam. The boom of e-commerce has created the basis for online consumer finance activities. The presence of Payoo or Momo may considered as distribution channels for lending, as well as for making payment to finance companies. In addition, although there are many challenges, various opportunities have also been created, in which the agricultural areas have great potential for retailers, especially domestic enterprises. *Stoxplus*

Vietnam's e-commerce revenue to touch $10b

Under the draft decision approving the master plan for the development of electronic commerce (e-commerce) during 2016-2020 period prepared by the Ministry of Industry and Trade, by 2020, it is targeted that 30 percent of the population will participate in online shopping with the online purchase value to reach an average of $350 per person. Specifically, B2C e-commerce sales increased 20 percent per year, reaching $10 billion, making up five percent compared with the total retail sales of goods and consumer service revenue in the country. Goals that need to be achieved in 2020 that the draft refers to is the construction and development of e-commerce payment utilities and the national e-commerce payment management system to widely used for e-commerce models, especially business – consumer (B2C), business – business (B2B), government – citizens (G2C), government – business (G2B). The network of transport services, logistics for e-commerce covers all provinces and cities across the country. The safety and security infrastructure for e-commerce is developed with the establishment of management and monitoring systems of e-commerce transactions; ecommerce website credit rating and electronic document authentication; the mechanisms for resolving disputes and handling violations in e-commerce. The draft states that the e-commerce development across borders is encouraged, e-commerce is linked with import and export activities, accounting for 15 percent of B2C e-commerce sales in 2020. Regarding e-commerce applications in businesses, the draft targets that 60 percent businesses are present on the Internet, constantly updating information on introduction and sale of business products. 80 percent of businesses order or take orders through e-commerce applications on the Internet or on mobile platforms; 100 percent of supermarkets, shopping malls and modern distribution facilities install POS and enables consumers make cashless payment when shopping; Figures published by the Ministry of Commerce show that, the total revenue from B2C e-commerce in Vietnam in 2014 was $2.97 billion, representing 2.12 percent of total retail sales in the country. Meanwhile, in 2013, sales of e-commerce was $2.2 billion. E-commerce and Information

Technology Department said, compared with other countries, revenue from e-commerce in Vietnam is still modest and just higher than Indonesia only with $2.6 billion in 2014. Meanwhile, Australia's retail sales of e-commerce in 2014 reached $16.3 billion compared with $20.7 billion in India, $217.3 billion in China, $10.5 billion in South Korea, $305, $5 billion in the United States. *BDT*

EU, Vietnam move towards free trade agreement

The Euro Presse Image (EPi) on November 27 ran a story saying the European Union (EU) and Vietnam are moving towards a free trade agreement after more than two years of negotiations. The EU-Vietnam Free Trade Agreement (EVFTA) will lift almost all tariff barriers and open the door for European businesses to make inroads in the Vietnamese market, the article said, adding that the trade pact covers various fields from goods, services and investment to government procurement. European Commissioner for Trade Cecilia Malmstrom was quoted as saying the EVFTA is a balanced agreement which will push trade with one of the most dynamic economies in Asia and enable EU enterprises to penetrate into the 90-million-strong market. The EVFTA will boost the high-quality investment capital flow from the union and other partners into Vietnam, the article said, anticipating that Vietnam is likely to become a centre to connect EU trade and investment activities in ASEAN. This is expected to boost Vietnam's economic restructuring and change its growth model in a positive direction, the article added. The completion of the EVFTA will help Vietnam integrate globally as a market economy, it said. The article commented that the EVFTA is the first trade deal that the EU has signed with a developing country, demonstrating the mutual trust and common goal of sustainable development. The EU is the sixth largest foreign investor in Vietnam. In 2013, European businesses poured over 500 million EUR in Vietnam. Over the past decade, bilateral trade increased by 200 percent to reach 28 billion EUR at present. Vietnam is the fourth biggest trade partner of the union in the ASEAN. Necessary technical and legal procedures are being completed to submit the EVFTA to the European Parliament. The pact is expected to take effect in late 2017 or early 2018. *Vietnamnet*

Luxury tax adjustment to pave way for low-cost cars

Low-cost cars with low cylinder capacity are expected to flow to Vietnam thanks to an advantageous luxury tax. The Ministry of Finance (MOF) has projected lower luxury tax rates for low-cylinder capacity cars in the latest version of the draft on amending tax laws. Analysts commented that the luxury tax cuts would help make popular car models cheaper, thus paving the way for the consumption of small-size and fuel saving models. Sharp decreases in the luxury tax would be applied to the car models with cylinder capacity of less than 2.0L, which is encouraged in Vietnam. 1.0L cars, which now have a 45 percent luxury tax, would enjoy a 25 percent luxury tax rate. Meanwhile, the cars with cylinder capacity of over 2.0L would see tax increasing by 10 percent to 60 percent. Particularly, the tax rate on cars with the cylinder capacity of over 3.0L, including motorhomes, would be 75 percent instead of 60 percent. Thaco Group, a 100 percent Vietnamese-owned automobile enterprise, supports the MOF's new taxation plan. "Small-size environmentally friendly cars should be encouraged by low tax," a group's representative said. "The majority of Vietnamese prefer small-size cars because they are cheaper and they mostly run cars in the cities," he said. Ford Vietnam's marketing director Truong Kim Phong agrees that it would be better to impose lower taxes on small cars. Phong said Ford's small cars (less than 2.0 L) just account for 20 percent of its total products, which means that 80 percent of Ford's products would bear higher tax. Ford still advocates a new taxation mechanism. "It is necessary to impose a high tax on expensive and fuel consuming cars in order to restrict the consumption of luxury cars, improve the state budget's revenue and help reduce the trade deficit," he said. Even the companies specialising in importing and distributing luxury cars – which would suffer most from the new taxation mechanism – said they were not worried about this. Vu Truong Giang from Infinity Vietnam said higher luxury taxes would affect the prices of products that have cylinder capacity of 3.5-4.6L. However, he does not think the higher tax would keep customers away, because big cars target high income earners who will still buy cars despite price increases. However, policymakers have been warned that if the luxury tax falls sharply, low-cost small cars would flow to Vietnam to compete with domestically assembled products. Minh, a car dealer, estimates that with tentative tax cuts, the imports from Asean would be $2,500-US$4,000 cheaper, while imports from India would be $1,500-US$2,500 cheaper. *VOV*