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Highlight

Real estate body tips revival

The Viet Nam Real Estate Association (VNREA) will continue to help its members overcome difficulties, advise and seek policy support from the Government, and promote market transparency, officials said yesterday.

Speaking on the sidelines of an exhibition on "Housing for True Demand," which is part of a series of events celebrating the association's 10th anniversary, property developers said that in the near future, businesses are likely to focus on developing social and low-income housing, taking advantage of preferential policies in place for this segment.

The three-day exhibition is being attended by many big property firms including Hoang Quan, Thu Duc House, Thanh Binh and the Housing and Urban Development Corporation.

Association officials said the event would help property developers nationwide popularise their projects and attract domestic as well as foreign investment.

It would also give property firms an opportunity to promote their brand and prospective customers to make choices based on quality information.

Meanwhile, developers can speed up sales and mobilise capital for ongoing or new projects, the officials said.

The exhibition also offers the possibility of linking enterprises with banks in order to improve credit access for both enterprises and prospective home buyers, helping the stagnant property market move ahead, they added.

A grand ceremony with the attendance of Deputy Prime Minister Hoang Trung Hai and other dignitaries including the Governor of the State Bank of Viet Nam Nguyen Van Binh and senior officials of the Ministry of Construction and the HCM City administration will be held this morning to mark VNREA's 10th anniversary.

Later in the day, officials of the Construction Ministry, the central bank, relevant agencies, industry insiders and experts will gather at a seminar that will seek solutions for solving the problem of unsold property inventory under the Government's Resolution 02/NQ-CP.

The seminar will also focus on ongoing challenges as well as opportunities.

VNREA deputy chairman Truong Anh Tuan, who is also chairman of the Hoang Quan Real Estate Corporation, said yesterday that many businesses will now focus on developing social and low cost housing to take full advantage of preferential policies for this segment, including reductions in VAT and corporate income tax, preferential interest rates and other measures.

Following the Government resolution, his company will convert four commercial housing projects in HCM City, Can Tho, Vinh Long and Binh Thuan to social housing projects. This year, it will launch 1,000 low cost apartments and 2,000 social houses, Tuan said.

VNREA officials said that at the end of the seminar, several agreements will be signed among leading credit institutions like Agribank, Trustbank, and BIDV to implement the resolution that seeks to revive the property market.

Total housing space in Viet Nam has more than doubled since 1999 from 709 million sq.m to 1.6 billion sq.m at present. During this period, per-capita housing space has doubled from 9.68 sq.m to 19.2 sq.m, according to VNREA.

Source: VNS

Gov't proposes top economic solutions

The Government on May 14 put forth two groups of urgent solutions to resolve difficulties for the domestic economy though raising total demand and purchasing power and accelerating commodity consumption.

This is part of the Government's supplementary report on the realization of socio-and localities are responsible for reviewing and amending policies to generate favorable conditions for enterprises and strictly punish officials which hinder businesses' operation.

The Government proposed that the NA consider corporate income tax reduction to 20-22%, VAT tax cuts and export encouragement.

The NASC agreed with the report which said the macro-economy initially gained positive economic goals for 2012 and the first fourth months of 2013 at the 18th session of the National Assembly Standing Committee (NASC).

The first group of solution focuses on macro-economic stability, and faster disbursement of State budget to raise total demand for the economy.

The monetary policy should be regulated towards offering a reasonable interest rate in line with market signals. The national asset management company would be put into operation soon. Prices of State-controlled commodities would be adjusted gradually without sudden escalation.

The second group centers on resolving difficulties; facilitating business; and boosting purchasing power without causing any macro-economic instability and inflation reoccurrence. Ministries, agencies outcomes with a GDP growth rate of 4.89%, restrained inflation, stabilized market, lower interest rate in favor of production and business activities. However, the economy still faced a mountain of challenges including a standstill in banking restructuring, non-performing loans in the banking system and the real estate, slow collection of budget estimate and low disbursement of investment capital. The NA's preset goal of a 5.5% GDP growth rate will be unreachable if the challenges are badly handled, said Bui Quang Vinh, Minister of Planning and Investment.

The stagnant circulation of capital has made it difficult for enterprises to boost production, said Vice State President Nguyen Thi Doan. She quoted the Government's report as saying that the credit growth only surged by 1.44% (as of April 2013) while deposit balance payment went up 5.04%. The bottleneck must be resolved, she said.

Meanwhile, Vice NA Chairman Nguyen Thi Kim Ngan voiced the problems of high unsolved inventories and weak purchasing power.

Source: VGP

VietinBank partners with Japan Finance Corporation

The Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) has reached a cooperation agreement with the Japan Finance Corporation (JFC), becoming the first and only bank in Vietnam to be selected as JFC's partner.

Under the agreement, JFC will introduce VietinBank's services to small and medium-sized Japanese enterprises and issue Standby Letters of Credit to guarantee their loans at VietinBank.

The two sides also agreed to promote information exchange, as well as introduce potential partners and clients to each other.

Source: VNA

Economy

Economists call for measures to aid economic recovery

Domestic economists have urged the government and relevant management agencies to employ drastic measures to overcome economic difficulties, such as bad debts and "frozen" property market, amid fears that lingering difficulties will lead to an unsustainable economic recovery in the years to come.

They made the recommendation at a conference in Hanoi on May 27 to debut the Vietnam Economy 2013 Report, an annual document providing an overview of the macro-economy over the past year, possible scenarios in the years to come and proposals for policy-makers.

The recommendation was based on concerns highlighted in the report that the national economy would likely experience a bumpy recovery in the years ahead if drastic solutions to restructure the economic growth model are not taken.

Prof Nguyen Duc Thanh, director of the Vietnam Centre for Economic and Policy Research and the chief author of the report, said that domestic economic competitiveness is poor.

Local companies have yet to make full use of opportunities created by the country's integration into the World Trade Organisation, he added.

Therefore, speeding up economic reform is urgently needed, Thanh suggested.

Senior economist Le Dang Doanh recommended domestic enterprises swiftly transform their business thinking, which is based on exporting raw materials in exchange for the import of end products. The report includes seven chapters and two appendices, encompassing an overview of the global economy and Vietnam's economic performance in 2012, post-WTO inflation trends in Vietnam from 2006 to 2013, non-performing debts in the commercial bank system, international lessons and practical application to Vietnam, and Vietnam's economic prospects and policy proposals in 2013.

The conference was held by the Hanoi-based National University Economics and Business Campus and the Vietnam Centre for Economic and Policy Research.

Source: Intellasia | VNA

Country's CPI falls 0.06% this month

The nation's consumer price index (CPI) has fallen 0.06% this month against April, resulting in a rise of 2.35% in consumer prices in January-May over December in 2012.

According to a report released by the General Statistics Office (GSO) last Friday, prices of four out of the 11 groups of items used for CPI calculation have declined this month, with the most-weighted group showing the sharpest decrease and other groups seeing low price hikes. This is the reason why the CPI is down this month.

Following the downward momentum in April, food and catering services have continued shrinking 0.35% month-on-month. Food and foodstuff, with the greater weighting in the group, both have marked a decline of 0.69% and 0.45% respectively, while dining services have experienced a slight rise of 0.32%.

In the year to date, the food group after many months of dropping constantly has posted a reduction of 1.62% compared to December in 2012, which amounts to a decrease of up to 3.39% year-on-year.

Meanwhile, the foodstuff group has picked up 2.27% while catering services have soared 3.81% against December, 2012, leading to a surge of 1.81% for the food and catering service group in the five-month period.

Among the commodity groups with price falls in May are also housing and construction materials with a contraction of 0.53%, traffic with 0.57% and telecom and post with 0.07% against last month.

Among seven commodity groups with price hikes this month, the price growth of groups relating to household spending exclusive of essential goods is pretty low, reflecting slackened demand in the local market, GSO reports.

For example, beverage and tobacco have soared 0.41%, while textile, hat and footwear and home appliances and utensils groups have marked up 0.36% and culture, tourism and entertainment have increased 0.23% versus last month.

Like in previous months, the medicine and healthcare service group has posted the highest rise, at 1.52% month-on-month, with healthcare services jumping 1.92%.

Overall, the CPI has tumbled 0.06% this month versus April, marking the second consecutive month of the CPI fall since early this year, with the January-May index climbing 2.35% versus December in 2012 and 6.36% over the year-ago period.

Urban areas this month have witnessed the CPI falling 0.11%, much higher than the country's average growth, while rural areas have seen a 0.01% month-on-month drop. Most provinces and cities have reported CPI declines this month while some others have posted an index pickup, with Thua Thien-Hue growing 0.18%.

This month's CPI fall is forecast earlier when HCMC and Hanoi as the nation's two biggest cities have announced a fall in consumer prices this month against the month earlier.

The CPI in HCMC has declined for the third consecutive month, resulting in a mild rise of 0.66% in January-May, the lowest in 15 years.

Source: Saigon Times Daily

Banking & Finance

Vietnam Signals Rate Pause as Banking Revamp Approaches

Vietnam will find it "difficult" to cut interest rates further this year, central bank Deputy Governor Nguyen Dong Tien said as the nation moves to create an asset company that would clean up bad debt and revive growth.

"The pressure on inflation still remains and there are still some factors that will cause inflation to quicken toward the end of the year," Tien said in an interview in Hanoi yesterday. "A further rate cut by the central bank is difficult. There's a small chance."

Prime Minister Nguyen Tan Dung has approved the formation of an asset management company to acquire non-performing loans from the nation's lenders, the central bank said yesterday. Officials are under pressure to rejuvenate an economy that grew last year at the slowest pace since 1999, as one of the highest bad-debt levels in Southeast Asia hurts credit to businesses.

"They're pausing for now on rates," said Edwin Gutierrez, a London-based portfolio manager at Aberdeen Asset Management Plc, which oversees about $12 billion in emerging-market debt including Vietnamese foreign-currency bonds. "Further rate cuts wouldn't really stimulate the economy anyway. The banking sector's focus is not on providing credit, it's on the asset management company. There's not much appetite to lend."

The asset company will start operations in the second quarter, the central bank said in an e-mailed statement yesterday. Deputy Governor Le Minh Hung said at a meeting with economists and bank executives yesterday that the prime minister approved a regulation to set up the vehicle, after the government missed an earlier target at the end of March.

Stocks Rise

The Ho Chi Minh City Stock Exchange's benchmark VN Index (VNINDEX) jumped 1.6 percent to its highest close since April 11 yesterday. Joint-Stock Commercial Bank for Foreign Trade of Vietnam, or Vietcombank, the nation's biggest listed bank by market capitalization, climbed 0.3 percent to the highest in more than a month. Nam Viet Commercial Joint-Stock Bank rose 1.4 percent.

The reluctance of banks to lend may result in economic growth of less than 6 percent for a third straight year, based on forecasts from the International Monetary Fund and the World Bank. Vietnam's gross domestic product expanded 5.03 percent last year.

While the economy will continue to face challenges, the central bank and government have pursued policies to achieve growth of 5.5 percent and keep inflation at about 6.5 percent this year, Tien said.

Rate Cuts

The State Bank of Vietnam cut the refinancing rate to 7 percent from 8 percent effective May 13, while the discount rate was reduced to 5 percent from 6 percent as it joined policy makers from Sri Lanka to Australia in monetary easing this month. The rate cuts were the eighth since the start of 2012, following a similar reduction in March.

"The government will be consistent in pursuing its goal of maintaining macroeconomic stability," the central bank said in written answers prepared separately in response to Bloomberg's questions. Vietnam plans to cut policy rates by 2 percentage points annually and the interest-rate cap on dong deposits by 0.5 percentage point each year, it said.

Vietnam will need to focus on other prudent policy measures to spur growth, the deputy governor said. He forecast measures to clean up banks will contain bad debt at less than 5 percent of total loans at the end of the year, from 7.8 percent in December 2012.

Prime Minister Dung may approve in June a central bank proposal to raise the caps for foreign investment in local lenders, as an additional measure to help weak financial institutions, Tien said.

Foreign Caps

Higher foreign-ownership caps in lenders may be allowed on a case-by-case basis, Tien said. Vietnam currently allows each foreign investor to own as much as 20 percent of a bank, with total non-Vietnamese ownership in each bank currently capped at 30 percent.

The asset management company would be wholly state-owned, with initial charter capital funds provided by the State Bank of Vietnam, according to the central bank statement. Investors could bid at auctions on the bad debt, and special bonds would be issued to lenders in exchange for the non-performing loans.

Non-performing loans reported by commercial lenders stood at 4.51 percent at the end of March, the government said in a report this week, without giving the central bank's estimate for the period. Credit grew about 2 percent in the first four months of the year, the government said last week.

Debt Estimates

Market participants and credit rating companies estimate bad debt at Vietnamese banks may be between 10 percent and 20 percent, according to JPMorgan Chase & Co. Vietnam Bank for Agriculture & Rural Development, or Agribank, the country's largest lender by assets, had a bad-debt ratio of 6.1 percent as of the end of June 2012, State Bank of Vietnam Governor Nguyen Van Binh said last August.

"Bad debt in the banking system may rise in 2013 as the economy is still facing many difficulties," the central bank said in its written answers. "However, non-performing loans are still within the central bank's control."

About 22.5 trillion dong ($1 billion) of bad debt was resolved in 2012 by lenders' loan loss provisions, the monetary authority said, citing figures reported by commercial banks. In the first three months this year, about 5.5 trillion dong was resolved. Provisions for loan losses increased to 68.5 trillion dong as of the end of March, from 64.2 trillion dong at the end of 2012, it said.

Injecting Cash

There are no plans to inject cash directly into lenders, Tien said. Banks' liquidity conditions are "very good," and while new bad debt may increase because of economic difficulties, measures to clean up banks will keep non-performing loans at acceptable levels, he said.

"One would have to expect some government capital injection sooner or later," Gutierrez said. "No one expects much recovery value on a lot of those loans. I don't think foreign banks are beating down the doors to get a piece of the Vietnamese financial sector. I don't think it's that likely that these guys can raise much money through stake sales."

The debt asset management company will resolve about 100 trillion dong of bad debt, Vu Viet Ngoan, chairman of the National Financial Supervisory Commission, said last week. Lenders with bad-debt ratios of 3 percent and above will be required to sell their non-performing loans to the vehicle, State Bank Chief Inspector Nguyen Huu Nghia said this month.

"Many foreign investors and banks are showing great interest in investing in Vietnamese banks," Tien said. "If we open up mechanisms for foreign investment, more investors will want to put money in since they see the potential."

Source: Bloomberg

Monetary policy contributes to macro-economic stability

The State Bank of Vietnam (SBV)'s monetary policy management has contributed significantly to macro-economic stability and inflation control, said Cao Sy Kiem, Chair of the Association of Small and Medium Enterprises.

Kiem made the remark at a recent press conference hosted by the SBV on the issues related to enterprises' access to bank loans, lending interest and non-performing loans (NPLs) resolution.

He held that in the context of difficulties in the economy, the central bank has managed the monetary policy in a flexible and prudent manner and achieved encouraging results such as lower interest rates, stable exchange rate, increasing official reserves, and stable credit performance.

In response to the government's directions, especially Resolutions No.01 and No.02, the

SBV has managed the monetary policy effectively. As a result, in the first four months of 2013, lending interest rates have been continuously reduced by 2-4 percentage points. Particularly, the lending rate for five priority sectors has been cut down to 8 -10 percent and a number of enterprises have borrowed loans with interest rates of 7.5-8 percent. As a matter of fact, the prevailing interest rate is now back to the level of the 2005-2007 period.

According to economists, interest rate has not been seen as a dominant factor constraining enterprises to get access to bank loans, but the main reason for that problem is the large amount of inventory goods due to the low purchasing power of customers.

"The main problem today is not the interest rates, but the capital absorption of the economy," Kiem said. "In order to help enterprises sell out inventory goods, it is necessary to enhance the aggregate demand and purchasing power of the economy."

Dao Van Hung, director of the Institute of Policy and Development of Ministry of Planning and Investment, said that the current interest rate is reasonable for economic recovery in Vietnam. However, he said, in order to increase capital demand of enterprises, the key factor is to raise the aggregate demand of the economy.

Therefore, he called for coordinated efforts to synchronously carry out various measures with a focus on the monetary and fiscal policies.

He also said that the steps of interest rate management conducted by the SBV are appropriate. The interest rate management should be based on target inflation, and interest rate reduction can only be realised when inflation rate falls.

The targeted inflation rate in 2013 is about 6.5-7 percent and the current interest rates are proper, hence contributing to both meeting businesses' capital demand and protecting the benefits of depositors, he said.

In his address, SBV deputy Governor Le Minh Hung said that on May 21, 2013, the prime minister signed a decree on the establishment of the Vietnam Asset Management Companies (VAMC).

Through the acquisition and resolution of NPLs, he added, VAMC will contribute to reducing debt repayment pressures and assisting businesses in solving temporary financial difficulties.

According to Kiem, both enterprises and commercial banks need to be proactive in solving difficulties, but not only relying on the VAMC.

In order to thoroughly resolve NPLs, he said, businesses need to restructure themselves more appropriately, and consolidate and strengthen their management and governance.

Source: Intellasia | VNA

'Room' for foreign investors in local banks proposed to be enlarged to 49pct

On the sideline of a seminar on "Inflation and economic growth in Vietnam" held on May 21, Nguyen Thac Hoat, head of Monetary-Financial Department, Institute for Policies and Development, Ministry of Planning and Investment (MoPI), said that in the past, the bad debt ratio of Vietnam's made up only 4.2 percent.

Therefore, Hoat proposed instead of maintaining the current holding ratio of foreign investors at 15-30 percent in some local large banks, it should be raised to maximum 49 percent.

According to Hoat, when raising the holding ratio of foreign investors, they will be involved directly in the administration and management in credit institutions, at the same time bringing the modern technology systems, screening bad debts as well as credit institutions receive funds to restructure the organisation.

Accordingly, it will help organisations, especially banks, reduce bad debts, increase the credit quality and fast overcome the weakness of the functions of credit distribution, screening and supervision of financial institutions currently.

Source: Intellasia | Dan Tri

Enterprise

SOE debts to be strictly controlled

The Ministry of Finance has recently publicised a draft decree on management of debts of State-owned enterprises (SOEs), which notably permits SOEs to sell their debts to a debt trading company.

If the draft comes into law, SOEs will be able to sell debts which they classify as irrecoverable to the Viet Nam Debt Trading Company at prices agreed by the two parties.

After buying debts from SOEs, the Viet Nam Debt Trading Company may reschedule debts or decide to change the applicable interest rates to suit debtors' payment capacity. It may also transfer the debts or sell the debts to another party.

Under the draft decree, leaders of SOEs would take charge for settling their enterprises' debts. In case of failing to promptly settle debts, thus causing loss to State capital, they would pay compensations from their own pockets.

In case an SOE goes bankrupt or is dissolved as the result of capital loss or insolvency which stems from the sale of debts, those who decide to sell debts would have to pay compensation and be handled according to the law and the enterprise's charter.

The draft decree also requires SOEs to develop and issue regulations on debt management, clearly defining the responsibility of each individual in monitoring, recovering and paying debts.

Within 90 days after the draft decree is promulgated, members' councils of enterprises governed by the decree would issue their internal debt management regulations.

Source: VNS

FIEs reason with MOIT on their right to collect materials

Foreign invested enterprises (FIEs) have complained that they bear the discriminatory treatment when they are prohibited to purchase materials from farmers.

FIEs put on tenterhooks

The Ministry of Industry and Trade, in a newly released legal document, reaffirmed that foreign invested enterprises can buy Vietnamese goods for export, but they must not collect materials directly from Vietnamese farmers. They have to do this through Vietnamese licensed businessmen.

"We are a business which operates under the licensing of the government of Vietnam. However, the Circular 08 restricts our business scale and badly affect our business performance," said the director of a foreign invested seafood company.

The director complained that his company may be pushed against the wall once the circular takes effects in some days, slated for early July 2013, because he would not be able to collect materials to process seafood products for export.

He went on to say that the State should not intervene too deeply into the material market, but should let it operate its way. The State should only set up the rules for the market, encourage enterprises to re-invest in the agriculture production and material growing area on the basis of the benefit harmonization of domestic enterprises, FIEs and farmers.

"The circular may lead to the monopoly. Domestic enterprises, which are the only buyers, may set up their rules on the market and force the prices down, thus making farmers incur loss," he said.

The monopoly, of course, would also make FIEs suffer, because they would have to depend on the domestic suppliers. "The material prices may be pushed up because of the monopoly mechanism," he said.

The problem may be more serious than initially thought, because the majority of the domestic enterprises which can collect materials directly from farmers, are the exporters as well. In order to compete with FIEs and obtain more export contracts, they may play tricks to prevent FIEs to access material supplies sources.

Some other foreign businessmen have also complained that the newly released legal document comes contrary to the rules of a market economy, because it generates the monopoly.

Officials say Vietnam does not violate the laws

Nguyen Dinh Bich, a well-known trade expert, when highly appreciating the new circular, said that if foreign businessmen can continue collecting materials directly from farmers; they may damage the material area development program.

Over the last few years, when foreign businessmen compete with domestic enterprises to buy farm produce from farmers, the farm produce prices have been pushed up, which has made the domestic enterprises' production costs higher.

"If Vietnam does not set up strict regulations to control the farm produce market and take drastic measures to ensure the enforcement of the law, foreign businessmen would swallow the whole Vietnamese production system," Bich said.

Secretary General of the Vietnam Coffee and Cocoa Association (Vicofa), Nguyen Viet Vinh, has denied the opinion about the discriminatory treatment, saying that the regulations applied in other countries are much stricter.

Indonesia, for example, stipulates that FIEs can only buy materials from farmers when they are licensed by local authorities. The FIEs have to prove that they invest their money to develop the material areas to be able to get the license for material collection. They would have the licenses revoked if they do not invest to develop material areas and don't have export products for 3years.

Source: VietNamNet

Investment

Processing and manufacturing attract 90 percent of total FDI

Vietnam has attracted US$ 8,51 billion of foreign direct investment (FDI) since the beginning of the year, up by 8.9 percent year on year, according to a report released on May 24th by the Foreign Investment

Department under the Ministry of Investment and Planning.

As many as 398 new foreign investment projects have been licensed and 160 ongoing foreign investment projects have been approved to raise their investment capital.

Noticeably, processing and manufacturing industries have lured US$ 7.6 billion, making up 89.2 percent of the total registered capital of the FDI projects.

Meanwhile, Thai Nguyen province, attracting more than US$ 2 billion of FDI, has topped the list of localities across the country in terms of luring FDI. It was followed by Binh Dinh, Binh Duong, Dong Nai and Vinh Phuc.

Major FDI projects that have been licensed or approved to add capital since the beginning of the year included Nghi Son oil refinery in Thanh Hoa, Samsung Electronics Vietnam project in Thai Nguyen, Bus Industrial Center project in Binh Duong and Prime Group project in Vinh Phuc.

Source: QĐND

FDI enterprises call for production assistance

Foreign Direct Investment (FDI) companies operating in Vietnam have made some proposals to relevant agencies to help the businesses expand production and exports.

The proposals were mentioned in talks focusing on tax and labour issues held by the Ministry of Industry and Trade (MIT) in Hanoi on May 14.

According to Deputy Director General of the MIT Export-Import Agency Tran Thanh Hai, Vietnam now has 14,522 projects with investment from 100 countries and territories totalling 210.5 billion USD in registered capital.

In particular, the processing industry accounts for 50.3 percent of the total registered capital, followed by the property market with 23.6 percent, and hotel and restaurant services with 5 percent, noted Hai.

Among the country's investment partners, Japan ranks first with 28.6 billion USD followed by Taiwan , Singapore and the Republic of Korea (RoK).

FDI enterprises play an important role in the country's exports with key goods such as computers, electronic products and parts, and machinery.

The RoK-financed Doosan Heavy Industries Vietnam Co. Ltd, which has to import 80-90 percent of its raw materials, suggested the Government extends the grace period for tax payment from 275 to 365 days.

Canon Vietnam Co. Ltd, which has been operating in the country for 10 years, wants relevant agencies to facilitate the company in purchasing printing machines and camera moulds made in Vietnam.

Besides, a representative from Samsung Vina expressed the company's hopes that relevant authorities will help ensure human resources and maintain the number of labourers for its factories by improving housing and providing relevant facilities.

Source: VNA

Stock Market

Stock exchanges see more shares gaining

Stock exchanges see more shares gaining slower than the previous session. On the southern bourse, the VN-Index added just 0.77 percent to reach 516.33 points, having leapt nearly 3 percent over the previous day.

Gainers outnumbered losers by 141-73.

Trading value decreased slightly over May 27's level, reaching 1.4 trillion VND (66.6 million USD) with around 87.4 million shares changing hands.

Among blue chips tracked by the VN30, nine stocks tumbled while 16 made gains.

The frontrunners were Vinh Son-Song Hinh Hydropower (VSH), which hit its ceiling price, rubber company Casumina (CSM), which added 5 percent, and PetroVietnam Drilling Services (PVD), which put on 3.4 percent.

Meanwhile, Da Nang Rubber Co (DRC) was the biggest loser, dropping 2.8 percent.

The VN30 index closed at 577.40 points, marking a 0.45 percent rise.

On the Hanoi Stock Exchange, the HNX-Index crept up 0.85 percent to 64.07 points after struggling during the morning session.

Market value and volume reached 509.2 billion VND (24.2 million USD) and 63.8 million shares, equivalent to about 75 percent of the previous day's trades.

The HNX30, representing the northern bourse's 30 largest shares in terms of capitalisation and liquidity, increased 1.47 percent to 124.59 points. Ocean Hospitality and Service (OCH) was the only one blue chip to retreat.

As the stock market heats up, businesses have started to plan for listings. Last year, the market saw 26 new listed shares and fund certificates but 22 shares delisted.

Subsidiaries and affiliates of some currently listed companies plan to go public this year, including PetroVietnam Gas' (GAS) investment and construction arm PVID, investment corporation FLC's (FLC) FLC Global and PetroVietnam General Services' (PET) Petrosetco Distribution.

In addition, Da Nang Housing Construction Development and Future Investment Trend Company also plan to list shares.

Source: VNA

Securities companies sold for next to nothing

A lot of securities companies have been put on sale. These include the ones with bad financial situation, offered to be given away.

3 securities change hands within one month

Three securities companies announced the changes with their big shareholders in May alone. VIT Securities, for example, changed all of its shareholders. VIT Group, which held 63.02 of stakes, Nguyen Thi My Hanh, 36.55 percent and Nguyen Tri Quang, 0.43 percent have all sold their shares.

The buyers are Japanese Arts Securities Co Ltd from Japan, which bought 19.9 percent of stakes, Vietnam Investment Partners which bought 75.1 percent and Pham Dinh Quy 5 percent.

As for the Hung Vuong Securities JSC, Nguyen Thi Lan Anh has sold all of her stakes, amounting to 14.94 percent of the company's chartered capital to Tong Chin Hen, who, after the affair, now holds 2.28 million shares, or 45.51 percent of the chartered capital.

The third one is the Chau A (Asia) Securities Company. Its big shareholder, a limited company, has sold all of its 21.86 percent of chartered capital to Hoan Loc Viet Trade and Service Company.

The capital transfer movement has been seen over the last two years. However, the noteworthy thing is that most of the companies on sale are the small sized companies which are not listed in the top 20 of the companies with the big securities brokerage market share.

The current economic difficulties have forced the companies' owners to sell a part or all of their stakes to gather their strength on the core business fields.

Securities companies become dirt cheap

Two years ago, a "clean" operating license of a securities company was valued at tens of billions of dong. The demand for the licenses is still very big now, because the watchdog agency does not intend to grant more operation licenses at this moment.

Especially, many big institutions attempt to use securities companies as a tool to embellish their finance reports, or intermediate institutions to solve the technical problems relating to the cash flow. Meanwhile, securities companies are still attractive in the eyes of foreign investors, who still can see great investment opportunities, despite the current gloomy stock market.

Nevertheless, investors would have to thoroughly consider the opportunities of buying the companies with too bad financial situation.

An investor revealed that he is considering buying one of such companies, provided that he can reach the agreements with the owners of the company on the debt settlement.

The investor said it's not difficult to find an unprofitable securities company to buy nowadays. The economic downturn, plus the gloomy stock market have pushed a lot of companies against the wall.

"In the past, the owners of the companies just tried to maintain the companies and hoped to sell their operation licenses, while they did not expect to get back the contributed capital. However, the license is not so hot any longer, therefore, they accept to bargain the companies away to free themselves from financial duties," he explained.

However, when buying the companies, the investors understand that they would have to accept high risks. The Chair of a securities company said he and some other shareholders bought the company in late 2011; while in 2013, the company received a complaint from a customer about a thing which happened in 2009. The dispute still has not been settled so far.

Though it's not the fault of the new shareholders of the company, they still have to think of the solutions to the problem, because the securities company has to inherit the legal responsibility handed over by the previous owners.

Source: TBKTVN

Negative CPI pushes stocks up

The local market started the week in a positive note on Monday as both HCMC and Hanoi City posted up negative CPI (consumer price index) figures for the third straight month.

The market opened in a cautious manner ahead the opening of the National Assembly session, waiting for more specific actions from policy makers to revive the ailing economy. From the middle of the morning session, the release of CPI data for May by major cities cheered investors up on the negative numbers, sending both markets to the positive territory.

The VN-Index increased 4.67 points, or 0.96%, against the previous session to close at 492.27, buoyed by the top three largest caps VCB, BVH and GAS. Trading volume on the southern bourse rose 2.8% to 48.7 million shares with the total value of over VND854 billion.

The Hanoi market also advanced with turnover increasing to VND254 billion. The HNX-Index gained 0.59 point, or 0.98%, and ended the day at 61.04.

Foreign investors' sentiment was positive and they net bought VND45 billion on the southern bourse and VND19 billion on the northern exchange. HCMC Securities Corp. (HSC) said that the market seems a bit more positive although it still waits for some firm news on Vietnam asset management company, which could be any day now.

"In short term, sentiment has clearly picked up but we keep our view that this is a trading rally which will hit strong resistance. The recent market seems focused on a handful of issues related to speculation about which tickers might be included or have its weight increased in the upcoming various index quarterly reviews," HSC commented.

"However, margin positions have been sliding recently and while foreign activity has picked up this month, much of that can be traced to the large VIC put-through deals. So with turnover at lower than year-to-date averages, we feel that the most likely outlook for the VN-Index is to settle in a broad range between 460 and 510 points over the summer months," the broker said.

Vietcombank Securities Company said that more data of May inflation would be soon announced which, as per its expectation, would stay at a low level.

"This together with latest revealed news proved that the economy is in right direction and gradually prosper, yet economic recovery paced slowly. We suppose low probability of further retracement of the market," it predicted.

Source: Saigon Times

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