

MARCH

12

THURSDAY

ADVISORY DIARY

- Vietnam textile industry in US market in exchange rate perspective
- Reserved!

Vietnam textile industry in US market in exchange rate perspective

Following the exchange rate topic yesterday, we think that would be more interesting to discuss more on the competitiveness of Vietnamese products in the US market.

In terms of exports activity, the US remains one of the largest export market for Vietnam, taking up ~ 24 % of total export value (2014). Of which, textiles , footwear , wood related items hold the highest proportion . Thus, maintaining the VND exchange rate would not help Vietnam export. However, to have a good conclusion, we use statistical data on changes in the proportion of exports of some of competitors with Vietnam on the US market, especially on textile industry.

Table 1: Export value of Vietnam’s textile products to US’s market in 2014

	Industry	Value (billion USD)	Proportion
1	Textile	9.8	34%
2	Footwear	3.3	12%
3	Wood and wooden products	2.2	8%
4	Computer and accessories	2.1	7%
5	Seafood	1.7	6%
6	Others	9.4	33%
	Total	28.6	100%

Source: GSO, RongViet Research

“RESERVED!”

By comparing with the top five countries in textile industry likes China, India, Indonesia, Bangladesh, we reckon that Vietnam has a positive growth rate from 8.4% in 2013 to 9.3% to 2014. This comparison shows that the adjustment of exchange rate does not have a negative affect to textile industry. In fact, some countries that strongly adjust US exchange rate such as Indonesia (-28%) and India (-16%) still have similar competitive advantages as Vietnam. In particular, IDR (Indonesia currency) decrease its market share even though it adjust US exchange rate the most. According to our analyst Tai Nguyen, there are two reasons to explain the case of Indonesia. Firstly, Average Annual Wages of Indonesia is raised in 2014. Secondly, Indonesia loses its competitive advantage by not join in TPP. Hence, if the company’s owner pay further attention to labour cost and the competitive advantage while join in TPP, we believe that the adjustment of exchange rate have less affect in textile industry. Thus, textile product still has more competitive advantage in US market.

Table 2: The textile market share of USA and the their currency adjustment

Country	2011	2012	2013	2014	Adjustment exchange rate from 1 January 2013 to 1 January 2015
China	40.1%	40.2%	39.8%	38.9%	0%
Vietnam	7.1%	7.6%	8.4%	9.3%	3%
India	5.9%	5.8%	6.0%	6.3%	16%
Indonesia	5.2%	5.1%	5.0%	4.7%	28%
Bangladesh	4.6%	4.6%	4.9%	4.7%	-2%

Source: Bloomberg, International Trade Admission, Rong Viet Research

The market regained the green when the VNIndex closed at 588.5 point, increased 1.99 points compared to yesterday. The positive change came from the support of blue-chips, particularly, in VN30 there were 15 green stickers as VNM (+0.9%), VIC (+0.8%), KDC (+0.7%). We recognized that the banking stocks persisted to play “hero” role to stand up for VNIndex increase, typically, VCB (+0.8%), BID (+0.5%), CTG (+0.5%). Eventhough today trading session closed in green, liquidity in both market only reached VND 1.715 billion in two bourses (decrease 20% compared with yesterday). Meanwhile, foreign investor sremained net selling with a total net selling value equals to VND 12 billion. The weakening cash flow from both foreign and domestic investors is the reason why recent session trade in precautious and prudent.

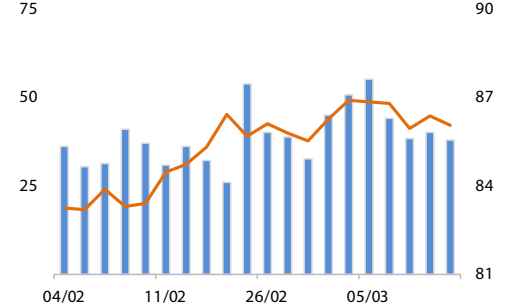
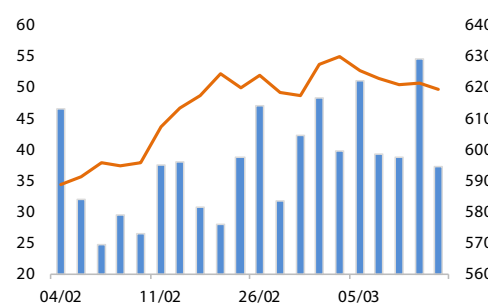
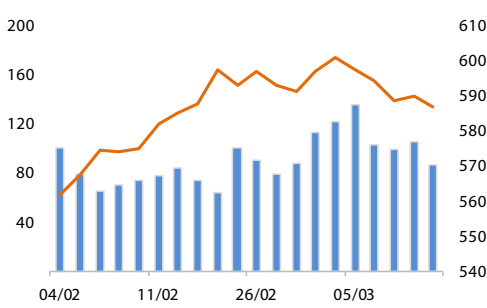
Van Banh

+ 84 8 6299 2006 | Ext: 324

Van.btt@vdsc.com.vn

Yesterday, our analyst took a quick discussion with the representative of HTI relating to its orientation. In 2015, there is a project in progress - the street paralleling Ha Huy Giap Street. This investment is worth 4.000 billion, exchanged by the land of 185 ha in district 12. However, due to waiting cash flow from 1A highway project, it is not easy to implement the project and bring benefit this year. The spark in 2015 is subject to HTI's commencing to charge breakeven fee of BOT project (phase 1) upgrading 1A highway- An Suong An Lac. Moreover, HTI owns a stable dividend ratio with high yield. According to HTI, dividend yield in 2015 is estimated at 8.7%.The dividend favorite investors are subject to monitor this sticker.

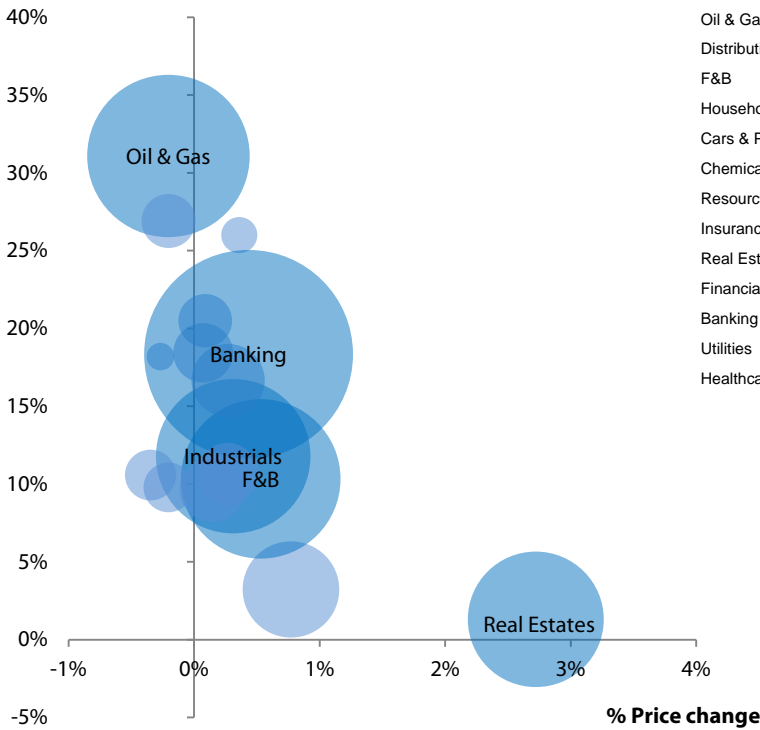
VNINDEX 0.34% **588.53** **VN30** 0.16% **620.24** **HNXINDEX** -0.16% **85.87**



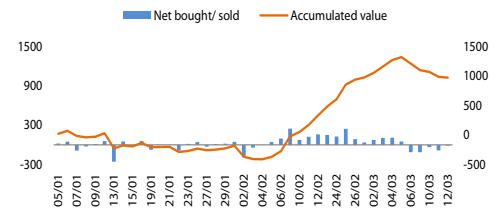
Industry Movement

Industry	% change
Technologies	0.1%
Industrials	0.3%
Constructions	0.8%
Oil & Gas	-0.2%
Distribution	-0.3%
F&B	0.5%
Household Goods	-0.2%
Cars & Parts	0.4%
Chemicals	0.1%
Resources	-0.2%
Insurances	0.3%
Real Estates	2.7%
Financials	0.1%
Banking	0.4%
Utilities	0.3%
Healthcare	-0.3%

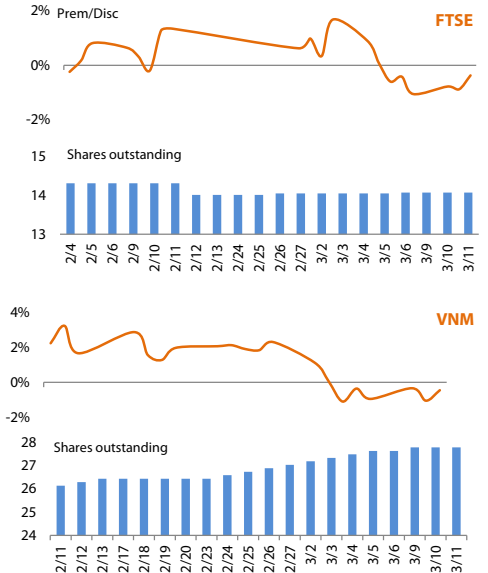
Industry ROE



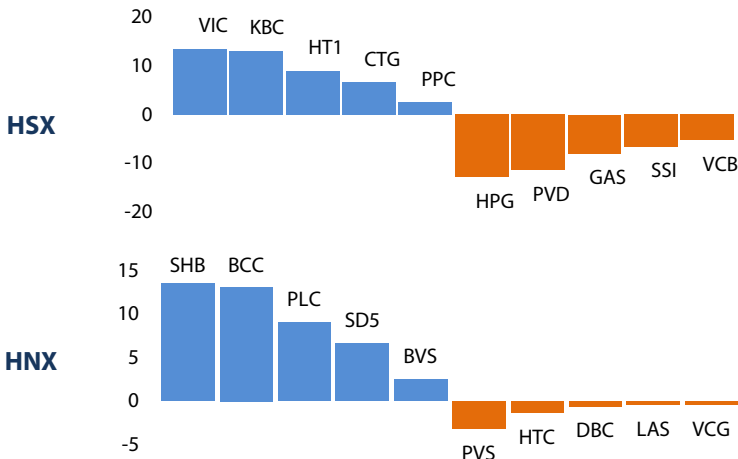
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



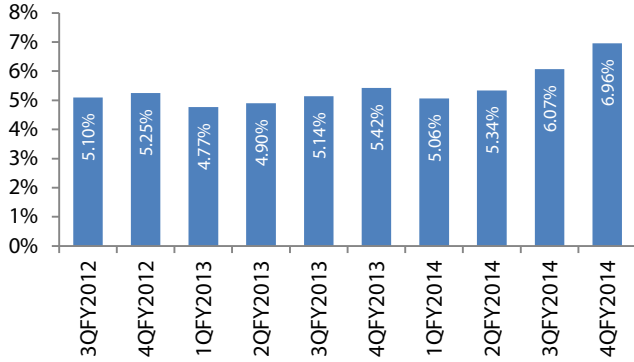
Top Active

Ticker	Price	Volume	% price change
FLC	11.7	13.10	0.9%
VNE	13.4	4.68	0.0%
KBC	17.0	3.73	1.8%
TTF	11.9	3.52	-2.5%
CI	18.9	3.47	2.7%

Ticker	Price	Volume	% price change
KLF	10.6	2.20	0.0%
FIT	18.0	2.19	0.0%
SHB	8.9	1.98	0.0%
HUT	16.1	1.43	0.6%
NHP	17.1	1.32	9.6%

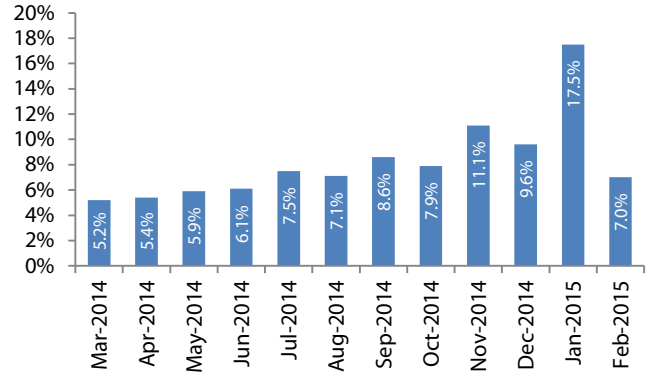
MACRO WATCH

Graph 1: GDP Growth



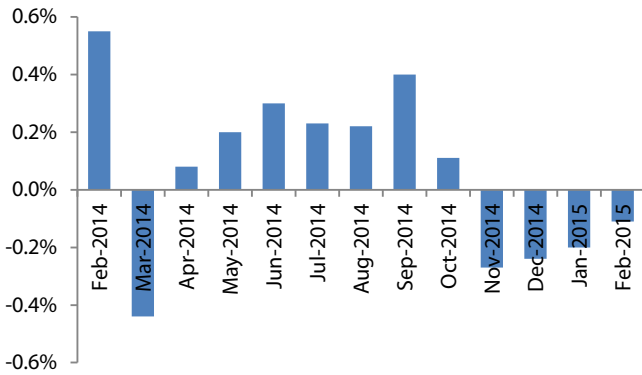
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



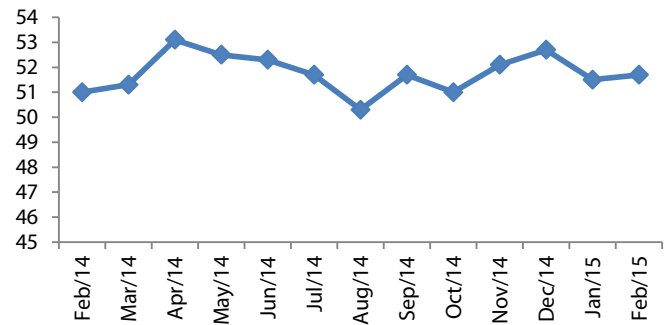
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



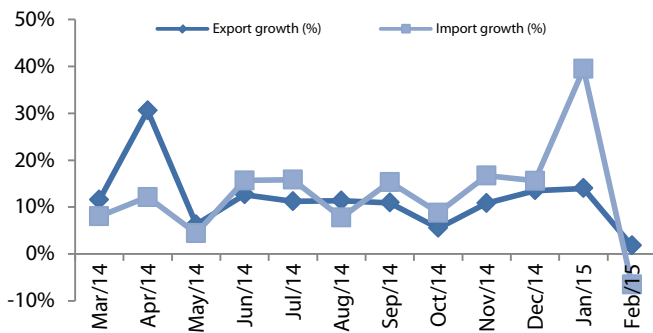
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



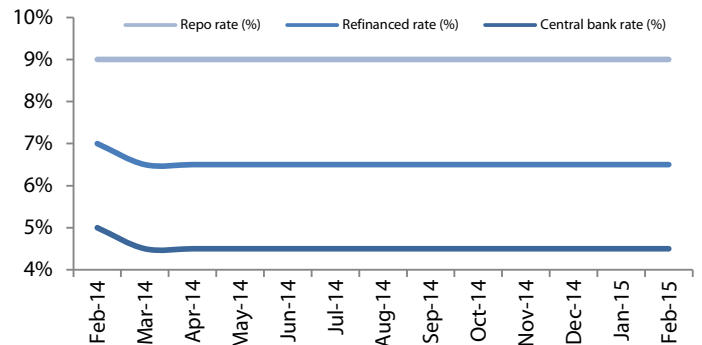
Sources: GSO. Rongviet Securities database

Graph 5: Trade Growth



Sources: GSO. Rongviet Securities database

Graph 6: Interest



Sources: SBV. Rongviet Securities database

RONG VIET NEWS

COMPANY REPORTS	Issued Date	Recommend	Target Price
PAC- Opportunities along with challenges	Jan 14 th , 2015	Accumulate – Intermediate term	27,500
HMH - Positive outlook from various supporting factors	Jan 06 th , 2015	Accumulate – Long term	33,800
DPM - Tail wind from crude oil	Dec 26 th , 2014	Buy – Intermediate term	36,100
VNM - 2014 - At the pit stop	Dec 19 th , 2014	Accumulate – Long term	110,000
PCT – Restructuring	Dec 11 th , 2014	Monitor	

Please find more information at <http://vdsc.com.vn/tabid/149/language/vi-VN/default.aspx>

FUND CERTIFICATION INFORMATION

Fund name	Trading Day	Subscription Fee (% of trading value)	Redemption Fee (% of trading value)	NAV per unit at valuation date	NAV per unit last valuation date	Change in NAV
VFF	27/01/2015	0%-0.75%	0%-2.5%	11,583	11,454	1.13%
VEOF	27/01/2015	0%-0.75%	0%-2.5%	9,627	9,567	0.63%
VF1	30/01/2015	0.2% - 1%	0.5%-1.5%	21,515	21,452	0.29%
VF4	28/01/2015	0.2% - 1%	0%-1.5%	9,337	9,218	1.29%
VFA	30/01/2015	0.2% - 1%	0%-1.5%	7,415	7,371	0.58%
VFB	30/01/2015	0.3% - 0.6%	0%-1%	12,015	11,912	0.86%
ENF	23/01/2015	0% - 3%	0%	10,481	10,790	-2.86%
MBVF	22/01/2015	1%	0%-1%	11,115	11,176	-0.54%
MBBF	21/01/2015	0%-0.5%	0%-1%	11,880	11,921	-0.34%

ANALYSTS
Truc Doan – Head of Research

+ 84 8 6299 2006 | Ext: 355

truc.dtt@vdsc.com.vn

Hoang Nguyen

+ 84 8 6299 2006 | Ext: 328

Hoang.nh@vdsc.com.vn

Lam Nguyen

+ 84 8 6299 2006 | Ext: 323

lam.ntp@vdsc.com.vn

Tuan Huynh

+ 84 8 6299 2006 | Ext: 326

Tuan.hm@vdsc.com.vn

Ha My Tran

+ 84 8 6299 2006 | Ext: 319

my.tth@vdsc.com.vn

Tai Nguyen

+ 84 8 6299 2006 | Ext: 319

tai.ntp@vdsc.com.vn

Diem My Tran

+ 84 8 6299 2006 | Ext: 320

my.ttd@vdsc.com.vn

Van Binh

+ 84 8 6299 2006 | Ext: 324

Van.btt@vdsc.com.vn

Trien Le

+ 84 8 6299 2006 | Ext: 325

trien.lh@vdsc.com.vn

Tam Bui

+ 84 8 6299 2006 | Ext: 324

tam.bt@vdsc.com.vn

Huong Pham

+ 84 8 6299 2006 | Ext: 323

huong.pt@vdsc.com.vn

Nam Huynh

+ 84 8 6299 2006 | Ext: 321

Nam.hk@vdsc.com.vn

HỘI SỞ TẠI TP.HCM

Tầng 1-2-3-4, tòa nhà Viet Dragon
141 Nguyễn Du, P.Bến Thành, Q.1, TP.HCM

- T +84 8 6299 2006
- F +84 8 6291 7986
- E info@vdsc.com.vn
- W www.vdsc.com.vn

CHI NHÁNH HÀ NỘI

2C Thái Phiên, Q.Hai Bà Trưng, Hà Nội

- T +84 4 6288 2006
- F +84 4 6288 2008
- E info@vdsc.com.vn
- W www.vdsc.com.vn

CHI NHÁNH NHA TRANG

50 Bis Yersin, TP.Nha Trang, Khánh Hòa

- T +84 058 3820 006
- F +84 058 3820 008
- E info@vdsc.com.vn
- W www.vdsc.com.vn

CHI NHÁNH CẦN THƠ

08 Phan Đình Phùng, Q.Ninh Kiều, TP.Cần Thơ

- T +84 0710 381 7578
- F +84 0710 381 7789
- E info@vdsc.com.vn
- W www.vdsc.com.vn



This report is prepared in order to provide information and analysis to clients of Rong Viet Securities only. It is and should not be construed as an offer to sell or a solicitation of an offer to purchase any securities. No consideration has been given to the investment objectives, financial situation or particular needs of any specific. The readers should be aware that Rong Viet Securities may have a conflict of interest that can compromise the objectivity this research. This research is to be viewed by investors only as a source of reference when making investments. Investors are to take full responsibility of their own decisions. VDSC shall not be liable for any loss, damages, cost or expense incurring or arising from the use or reliance, either full or partial, of the information in this publication.

The opinions expressed in this research report reflect only the analyst's personal views of the subject securities or matters; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or opinions expressed in the report. The information herein is compiled by or arrived at Rong Viet Securities from sources believed to be reliable. We, however, do not guarantee its accuracy or completeness. Opinions, estimations and projections expressed in this report are deemed valid up to the date of publication of this report and can be subject to change without notice.

This research report is copyrighted by Rong Viet Securities. All rights reserved. Therefore, copy, reproduction, republish or redistribution by any person or party for any purpose is strictly prohibited without the written permission of VDSC.