

*“July – The stock market will be vibrant or bleak?”*

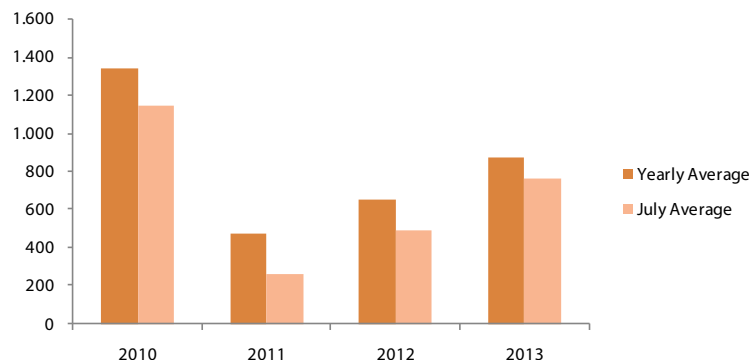
- **July – The stock market will be vibrant or bleak?**
- **HSBC: PMI declined slightly in June – reached 52.3 points**
- **Accelerated NPLs rate, Sluggish Credit growth**

**July – The stock market will be vibrant or bleak?**

The first trading day of July closed with contradictory movements. VN-Index reached 578.07 points, decreased by 0.01% whereas HNX-Index reached 78.08 points, rose by 0.19%. A series of bluechips such as MSN, VIC, BVH, KDC increased... but still not be able to pull VN-Index over the resistance zone of 580 points. Today according to our observations, there was profit locking in some stocks such as HT1. In terms of foreign investors’ activity on both exchanges, the volume of net buying today declined by 52% compared with the yesterday.

It was in the annual cycle of July that the stock market slowed down and accumulated for the following months of the year. Specifically, in recent years, liquidity in July was always slower than the average liquidity of the year. However, it is expected that there will be positive news from the announcement of semi-annual financial statements of enterprises. Hence, RongViet Research anticipates there will be slight increase in the stock market for the whole month although there will be high possibility for low liquidity and diversification. Stocks with optimistic business results from 2Q2014 and promising in the following quarters will be the spotlight attracting investors.

**Graph: Liquidity of July compared with average of the year (VND billion)**



*(Source: RongViet Research)*

**HSBC: PMI declined slightly in June – reached 52.3 points**

HSBC and market Economics has just published the Purchasing Managers’ Index (PMI) which reached 52.3 points in June, slightly declined compared with 52.5 points in previous month. Nevertheless, according to HSBC, PMI was still evaluated as being positive and business environment in the manufacturing sector of Vietnam continued to improve. Specifically, demand pressure rose and the number of new orders increased 7 consecutive months although there was weaker rise in new orders and external demand decelerated. The growth of new orders led to another increase in production and manufacturing output rose in each of the past nine months, although the effects of attacks on Chinese factories in May contributed to the slower pace of expansion. Generally, this was the 10<sup>th</sup> consecutive months that PMI reached the growth of over 50 points.

The Ministry of Transportation’s enforcement of weight restrictions on trucks continued to affect

negatively on manufacturing enterprises, leading to the rise of input prices and impacting the delivery times. Dealing with the cost burdens, manufacturers decided to raise their output prices in June. The increase was modest but the first since January and the strongest in 15 months. It is in our concern that PMI in July will continue the declining trend with stronger pace.

**Graph: PMI**



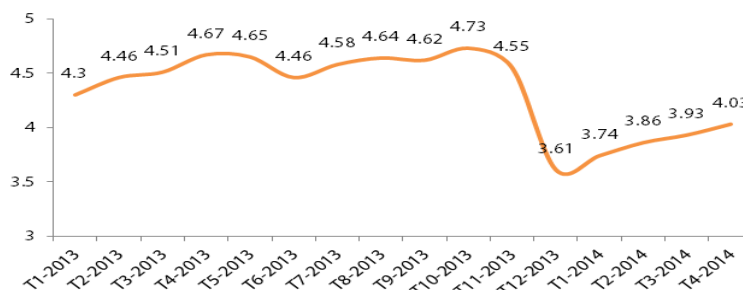
(Source: HSBC)

**Accelerated NPLs rate, Sluggish Credit growth**

SBV has announced the NPL rate in the whole banking system for the first 4 months of 2014 was 4.03% of the total credit. Specially, the total credit at the end of April was VND3,527,747 billion, including VND147,168 billion of bad debt. The statistic pointed out that the NPL rate accelerated in the beginning months of 2014 regardless of SBV’s effort and VAMC’s penetration in order to resolve NPLs. According to RongViet Research’s perspectives, one of the main reasons related to high NPL rate was the increasing number of liquidated enterprises in 2014 (as mentioned in 27<sup>th</sup> May’s Advisory Diary). Accordingly, corporate loans would be inability to repay, and therefore, becoming bad debts. Besides, real estate, the main culprit caused NPLs, had not significantly improved yet. Thus, the bad-debt condition would become worse.

The sluggish credit growth was another reason that triggered the NPL rate to rise sharply, because bad debts were not diluted. According to SBV, at the end of June 2014, the credit growth only reached 2.3%, whereas the target for 2014’s credit growth would be 12-14%.

**Graph: NPLs rate in 2013 and the first 4 months of 2014 (%)**



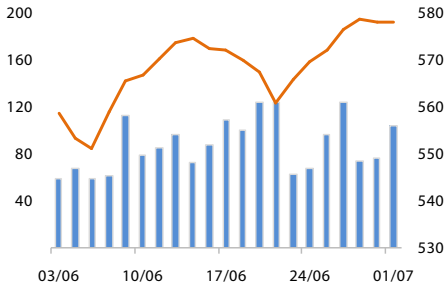
(Source: SBV)

**Thuy Nguyen**

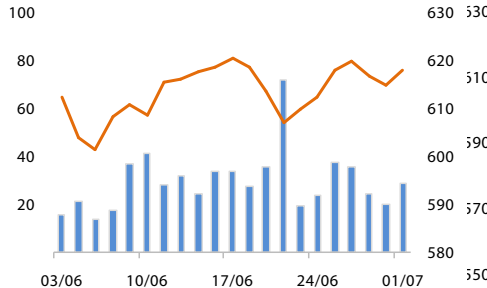
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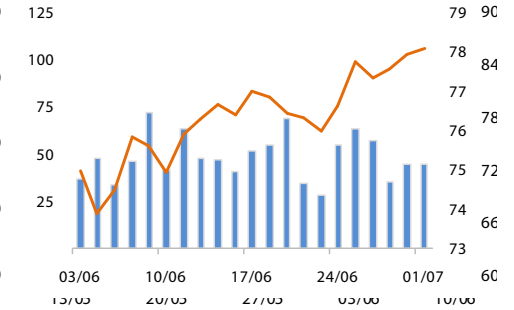
**VN INDEX** -0.01% **578.07**



**VN30** 0.47% **617.96**

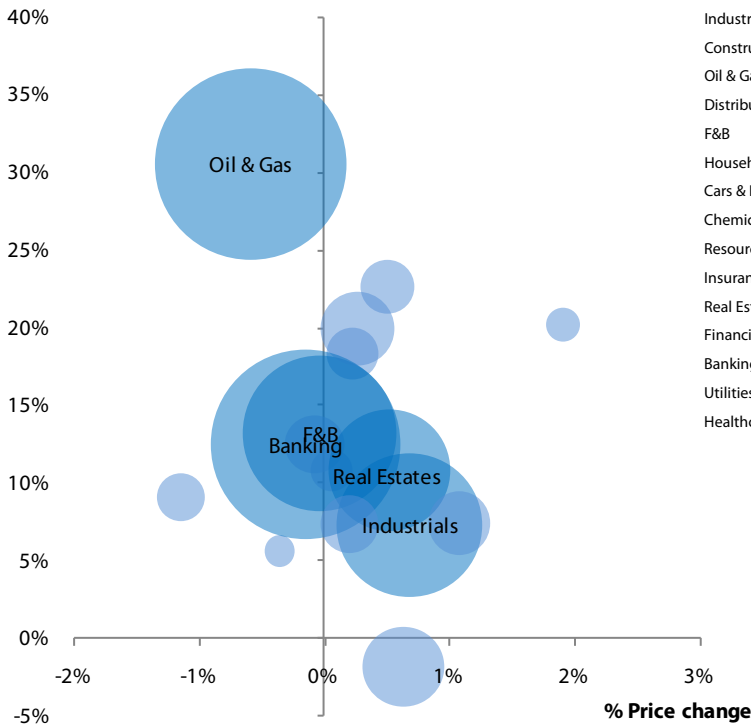


**HNX INDEX** 0.19% **78.08**

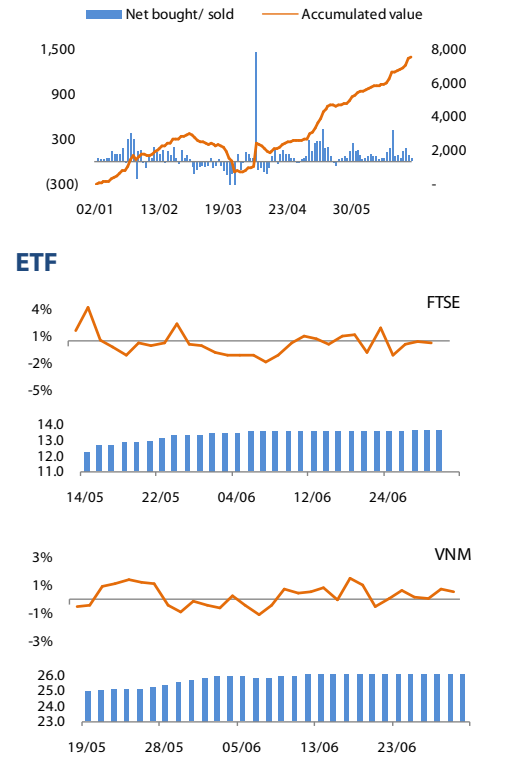


**Industry Movement**

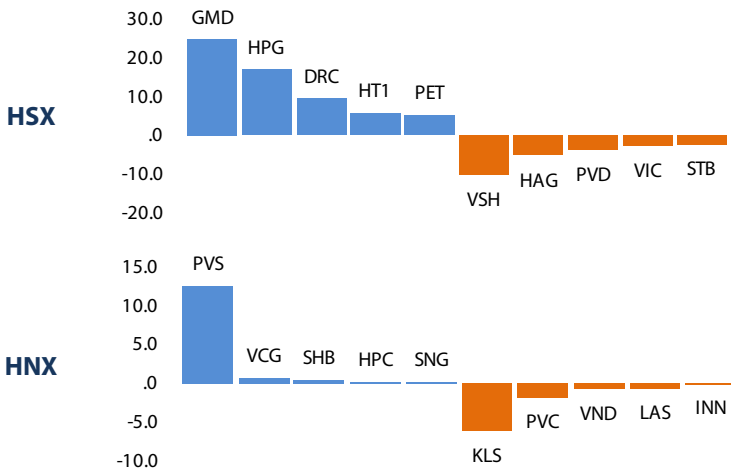
**Industry ROE**



**Foreign Investors Trading**



**Top net bought/sold by foreigners (VND bn)**



**Top Active**

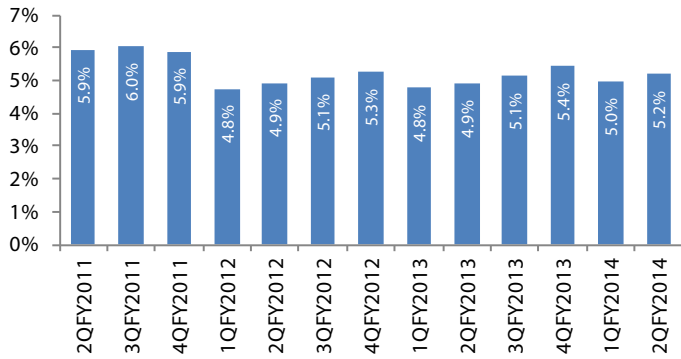
Ticker	Price	Volume	% price change
FLC	11.4	19.21	0.9%
ITA	8.1	4.81	1.3%
AGR	7.4	4.35	5.7%
SSI	26.4	4.28	1.9%
AVF	5.2	3.91	6.1%

Ticker	Price	Volume	% price change
KLS	12.2	5.07	1.5%
SCR	8.6	4.88	1.3%
SHB	9.7	4.17	-0.1%
PVX	4.3	3.95	2.4%
KLF	11.2	3.24	0.2%

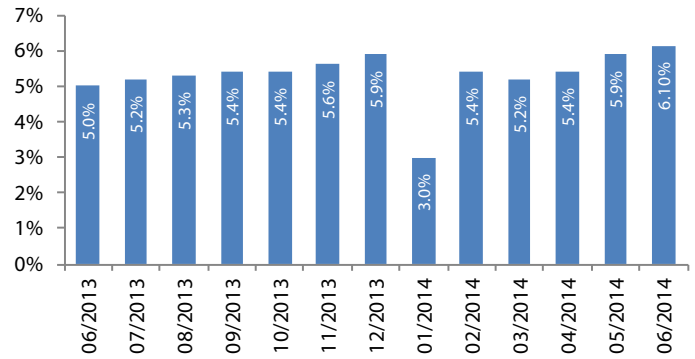
**MACRO WATCH**

**Graph 1: GDP Growth**



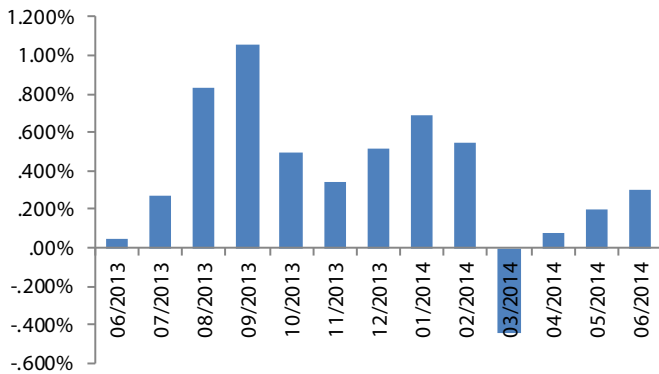
Sources: GSO, Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



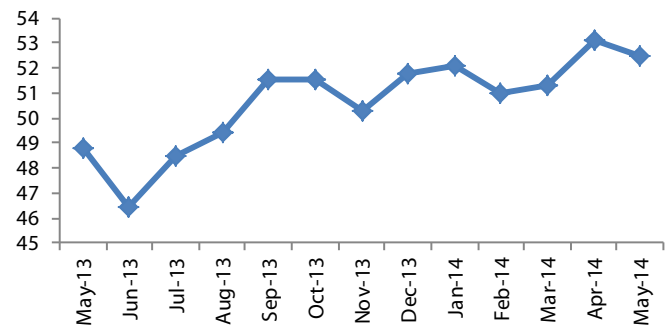
Sources: GSO, Rongviet Securities database

**Graph 3: Monthly CPI**



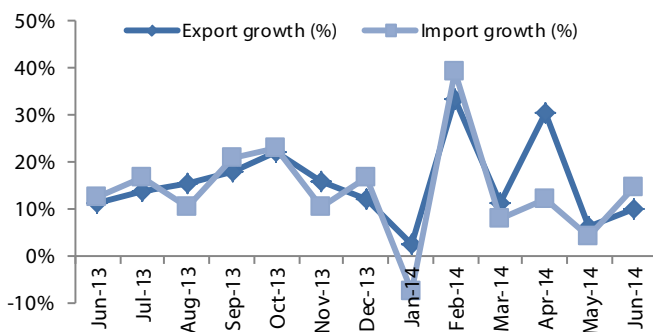
Sources: GSO, Rongviet Securities database

**Graph 4: HSBC - PMI**



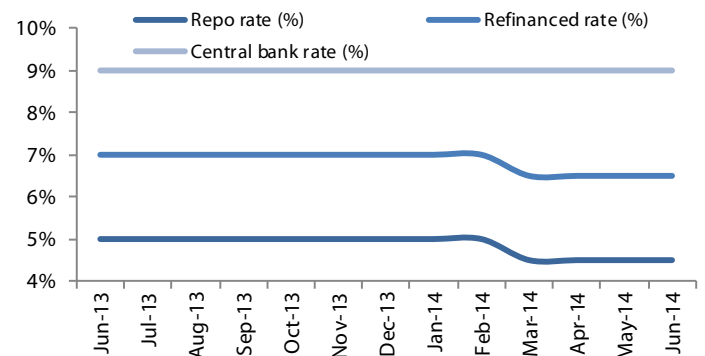
Sources: GSO, Rongviet Securities database

**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
DBC-Benefit from decline in material price	May 27 <sup>th</sup> , 2014	Buy – Long-term	28,000
FPT-Leaping revenue	May 27 <sup>th</sup> , 2014	Accumulate – Intermediate-term	51,600
NBB-Strengthened cash flows	May 07 <sup>th</sup> , 2014	Buy – Long-term	36,300
DIG-Reboot	April 28 <sup>th</sup> , 2014	Accumulated – Long-term	19,200
HPG-Sustainable Development	April 24 <sup>th</sup> , 2014	Accumulated – Intermediate-term	55,100

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	24/06/2014	0.75%	0.75%	10,833	10,790	0.4%
VF1	26/06/2014	0.20% - 1.00%	0.50%-1.50%	21,100	20,974	0.60%
VF4	25/06/2014	0.20% - 1.00%	0.00%-1.50%	9,527	9,545	-0.19%
VFA	26/06/2014	0.20% - 1.00%	0.00%-1.50%	7,377	7,358	0.25%
VFB	26/06/2014	0.30% - 0.60%	0.00%-1.00%	10,799	10,788	0.10%
ENF	20/06/2014	0.00% - 3.00%		9,785	9,789	0.04%

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