

MAY

27

TUESDAY

“8 nautical miles and 8.6 points”

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ADVISORY DIARY

- **“8 nautical miles and 8.6 points”**
- **Bleak natural rubber market**

“8 nautical miles and 8.6 points”

Following the up day on May 26th, the market positively bounded back in price and liquidity today. Again, information concerning the East Sea tension showed strong influence to investor sentiment. However, contrary to the negative impact in earlier May, the most recent update that the HD81 rig moved 25 nautical miles toward Philippines was been welcomed by investors and reflected positively on today’s trading wherein VNIndex topped the 550 resistance in the afternoon session.

Real estate, i.e. IJC, ITA, FLC, SCR and VCG and the securities stocks, i.e. SSI, HCM, KLS and VND, were highly attractive to cash flows today, leading the market in establishing a strong up day. During the positive market recovery, many of VN30 such as BVH, CSM, DRC, REE and PGD also rebounded quickly.

In contrast with the excitement of local investors, the foreign sector seemed to be much cautious. Ever since the local group’s sentiment stabilized and indices recovered, the level of market participation by foreign investors has decreased starkly. The total net buying volume in the six most recent sessions plummeted, even turning into net selling in certain days, as opposed to nearly 2.000 billion of net purchase in 8 sessions of between May 8th and 19th.

Having sunk deep for continuous days, VNIndex had no trouble conquering the 550 milestone today thanks to the excitement of local investors. However, as we noted in last week’s advisory dairies, 550 is a formidable resistance level, which calls for serious cautious regarding the day-to-day trading strategy.

Bleak natural rubber market

Whereas the market has been recovering in the past week, helping VNIndex to stand at a 9.6% increase from the beginning of the year; investors holding natural rubber stocks are still in the position for 5% loss, nonetheless. This comes as the result of the bleak situation of the natural rubber market as a whole.

In the early 2014, world rubber prices continued to fall as the supply – demand gap remained high. Prices have lingered around their four-year lows in all recent months and fell 5.65% from January in April. The downward pressure is in place due to market concerns about the supply – demand gap. While Thailand has announced plans to sell 220,000 tons from its natural rubber inventory ahead of the new tapping season, The Economist Ltd revised its 2014 supply surplus forecast up to 652,000 tons, 78% higher than the previous prediction in December 2013. Consumption also cause worries as the rate of economic growth of China – the world’s largest natural rubber user – is at its lowest in six months, which has pushed inventory levels upward while upsetting consumption.

Vietnam’s natural rubber exports plunged as export volume and the average export price declined 18% and 25% from a year earlier in 1Q 2013, respectively. Most local producers have posted disappointing business results wherein four out of five listed natural rubber companies (DRP, HRC, TRC and TNC) reported significant year-on-year drops in revenue and profits last quarter.

However, we still see a silver lining for natural rubber prices in later months of 2014. Major rubber exporters in the Southeast Asia (i.e. Thailand, Malaysia, Indonesia and Vietnam) may likely suffer from droughts caused by the El Nino in late 2014, dragging rubber supply downward in that

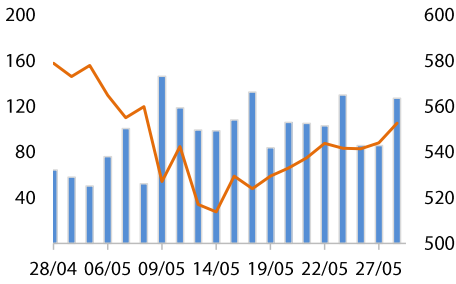
period. Besides, autos sales in China, the US, and the EU have picked up in recent months, bringing hopes for increased use of natural rubber for car tire production. However, it is unlikely such short-term bounces would turn the table around now that the global natural rubber supply is still seen to exceed demand for the next two years.

Chart 01. World's rubber price movement

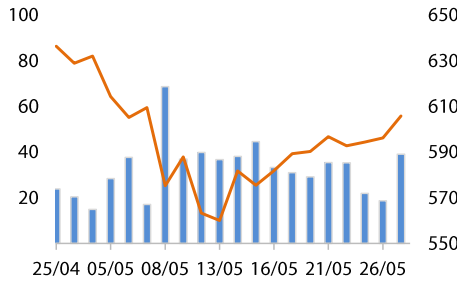


Unit: US Cent/Pound | Source: Index Mundi, RongViet Securities

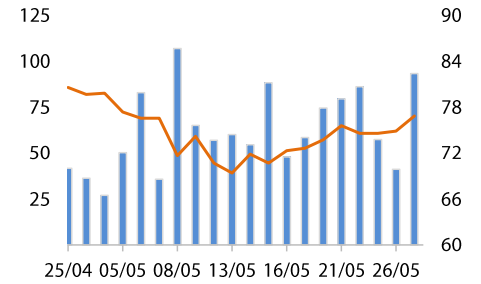
VNINDEX +1,06% 552.75



VN30 +1,62% 605.87

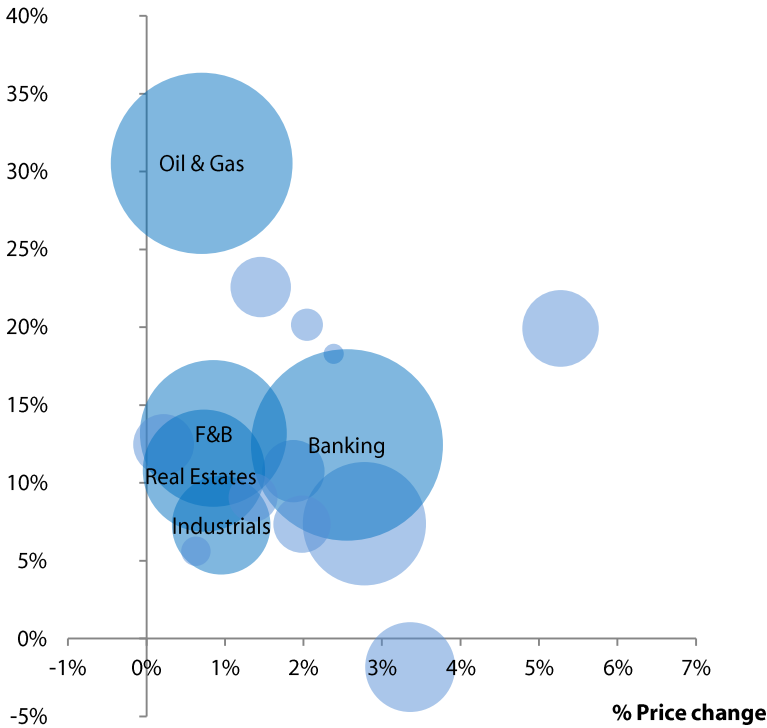


HNINDEX +2,63% 76.85



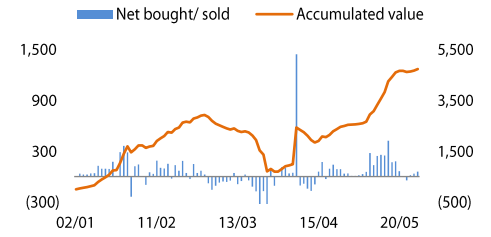
Industry Movement

Industry ROE

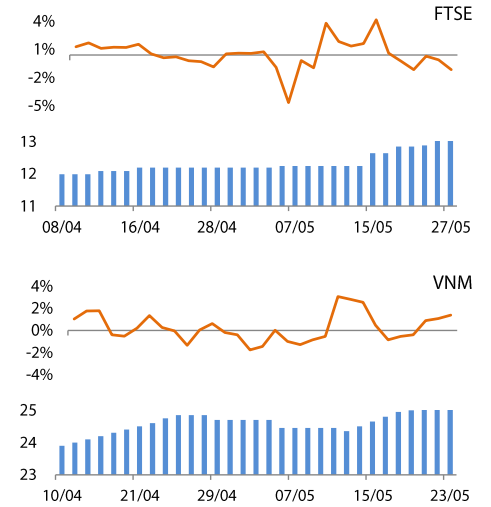


Industry	%change
Technologies	2.39%
Industrials	0.95%
Constructions	3.36%
Oil & Gas	0.70%
Distribution	0.63%
F&B	0.85%
Household Goods	1.87%
Cars & Parts	2.04%
Chemicals	0.22%
Resources	1.45%
Insurances	5.28%
Real Estates	0.73%
Financials	2.78%
Banking	2.55%
Utilities	1.98%
Healthcare	1.36%

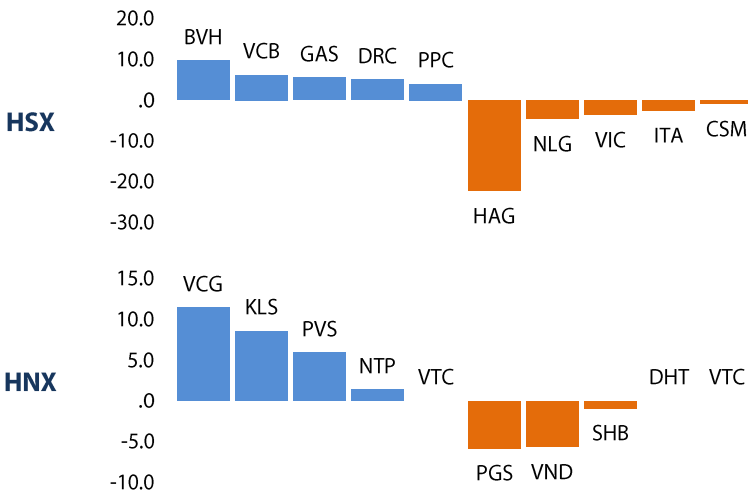
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



Top Active

Ticker	Price	Volume	% price change
FLC	11.30	11.02	1.8%
ITA	8.40	8.76	5.0%
HQC	7.30	8.45	5.8%
SSI	24.40	4.75	5.6%
IJC	13.20	4.48	6.5%

Ticker	Price	Volume	% price change
PVX	5.40	11.74	4.3%
SCR	8.90	11.13	4.4%
SHB	9.40	10.75	2.4%
KLS	11.60	9.30	5.0%
SHS	8.90	5.19	5.6%

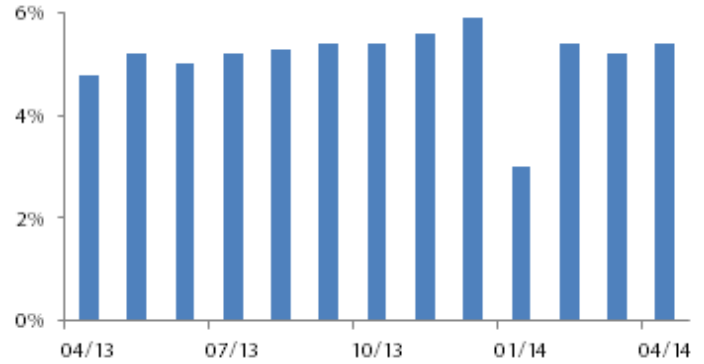
MACRO WATCH

Graph 1: GDP Growth



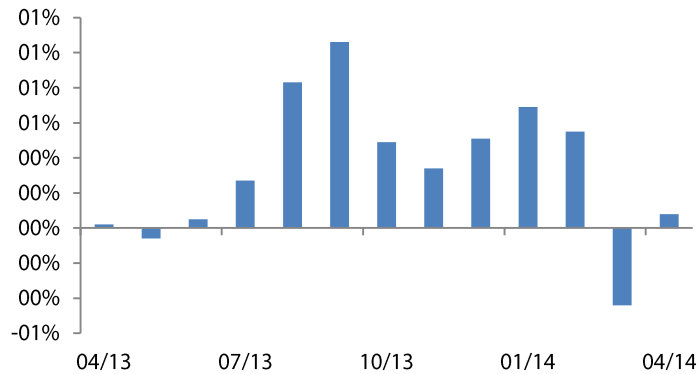
Sources: GSO, Rongviet Securities database
(*) Comparison price in 1994

Graph 2: IIP



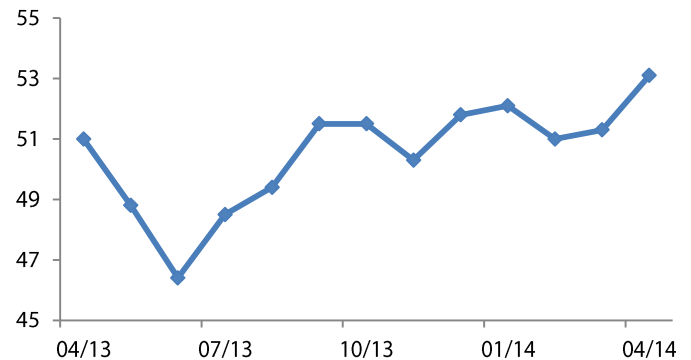
Sources: GSO, Rongviet Securities database

Graph 3: Monthly CPI



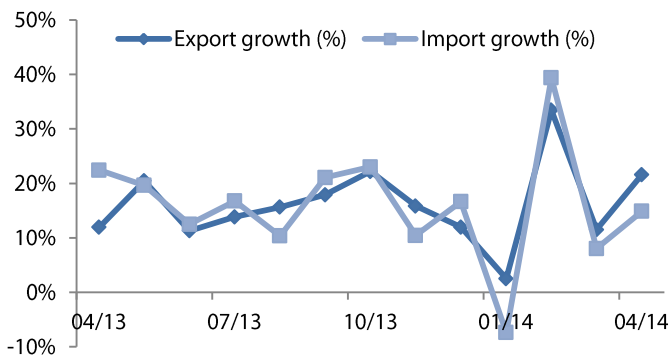
Sources: GSO, Rongviet Securities database

Graph 4: HSBC - PMI



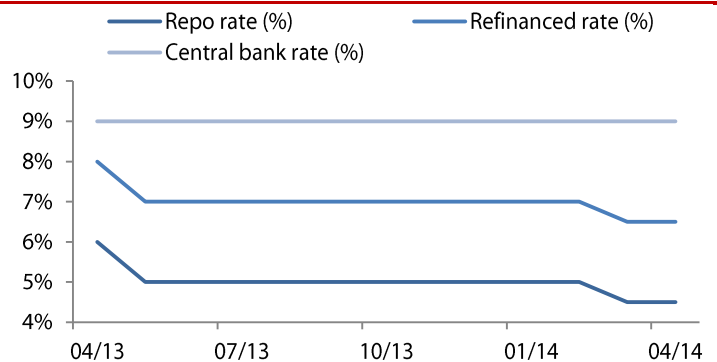
Sources: GSO, Rongviet Securities database

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
FPT-Leaping revenue	May 27 th , 2014	Accumulate – Intermediate-term	51,600
NBB-Strengthened cash flows	May 07 th , 2014	Buy – Long-term	36,300
DIG-Reboot	April 28 th , 2014	Accumulated – Long-term	19,200
HPG-Sustainable Development	April 24 th , 2014	Accumulated – Intermediate-term	55,100
CSM-Radial and long-term growth	April 4 th , 2014	Neutral – Intermediate-term	46,700

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	20/05/2014	0.75%	0.75%	10,688	10,337	3.40%
VF1	22/05/2014	0.20% - 1.00%	0.50%-1.50%	20,387	19,816	2.88%
VF4	21/05/2014	1.00%	0.00%-1.50%	8,997	8,584	4.82%
VFA	23/05/2014	0.20% - 1.00%	0.00%-1.50%	7,349	7,342	0.08%
VFB	23/05/2014	0.30% - 0.60%	0.00%-1.00%	10,764	10,784	-0.19%
ENF	16/05/2014	0.00% - 3.00%		9,358	9,414	-0.59%

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