

OCTOBER

21

TUESDAY

*“Market was still unstable in spite of strong growth”*

**ADVISORY DIARY**

- **PVD: outlook remains positive**
- **Market was still unstable in spite of strong growth**

**PVD: outlook remains positive**

RongViet Research analyst just received some updates on PVD’s operating performance in Q3/2014. In which, the firm’s operating revenue and profit have been in line with our latest estimates reported in Advisory Diary on Oct 10. In specifics, there has not witnessed a large divergence in profit generated from the firm’s core- operation areas and the current oil rig number relatively to the last quarter. Nevertheless, it should be noted that the price floor for leased rig has been adjusted up by 3.3% to 155,000 USD/day, helps improve PVD’s gross margin as an intermediary connecting demand for oil rig rental.

There have been quite a number of investors lately questioning whether or not the dip in oil price would possibly have negative impact on oil related corporations? In alignment with our previous analysis and PVD shares, the firm’s core- businesses performance and forthcoming expansion plans would likely to remain relatively unscathed and go as schedule even if oil price went further down to USD 80/barrel. Specifically, automatically lifting oil rig (PV Drilling VI) is scheduled to commence operation as planned from February 2015 as the latest and PVD also revealed successful arrangements with many customers for the new drilling rig. Besides, the investment in the new oil rigs PV Drilling VII would schedule to start soon with total capital expenditure estimated to be USD200-250 million with investors from one of six corporations having joint ventures with PVD.

Recently, Ministry of Finance had published the list of 21 enterprises must refund corporation income tax of 50%, including PVD. Thus, this news may impact PAT of the Company in 4Q2014. However, refund value is intensively low, that’s why it might not affect too much to the Company’s prospect of profit. In recent sessions, selling pressure from foreign investors made PVD price going down strongly against our calculated price in latest report, 17/09. PVD closed at VND 92,000/share, lower of 32.6% as compared to our target, so we change recommendation from ACCUMULATING to BUYING for this stock.

**Market was still unstable in spite of strong growth**

After recovery session yesterday, VNIndex continued to jump today. Decisively increasing trend of this index and color purple of GAS could reminded of session October 09 when GAS become major motivation of market. Nevertheless, in difference to last session, today market advanced directly proportional when three constituted indexes remained high until ATC, in which, VN30 surged by 0.91%. According to unofficial news, GAS will divide preferred stocks with high rate and this may be the main motivation for hedge capital flow. GAS increased to ceiling price, leading market today. In contrast, HN-Index kept tumbling with market breadth prone to falling tickers.

However, remarkable growth of VNIndex was seemingly not to go with liquidity. It was proved that matching value on two indexes remained flat, only get VND 2,186 billion, almost unchanged as last session, while matching volume down 3%. It showed that market was still reluctant and trading around heavy-weighted stocks. Therefore, when demanding momentum was still weak, significant session as today will hardly create rising trend in upcoming time, especially when foreigner maintained net selling.

According to our statistics, foreigners net sold of VND62.4 billion, which was not a significant volume but it showed that selling trend was still in line, despite all ups and downs of the domestic

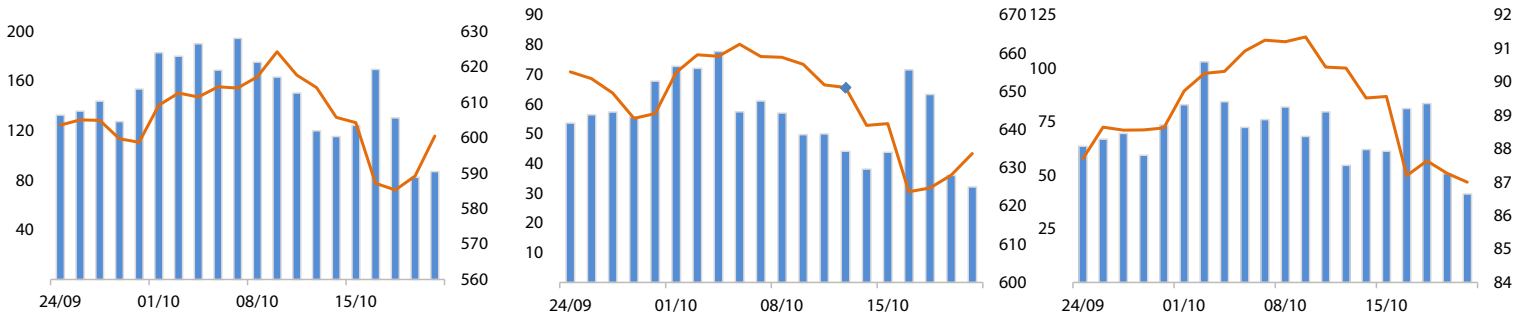
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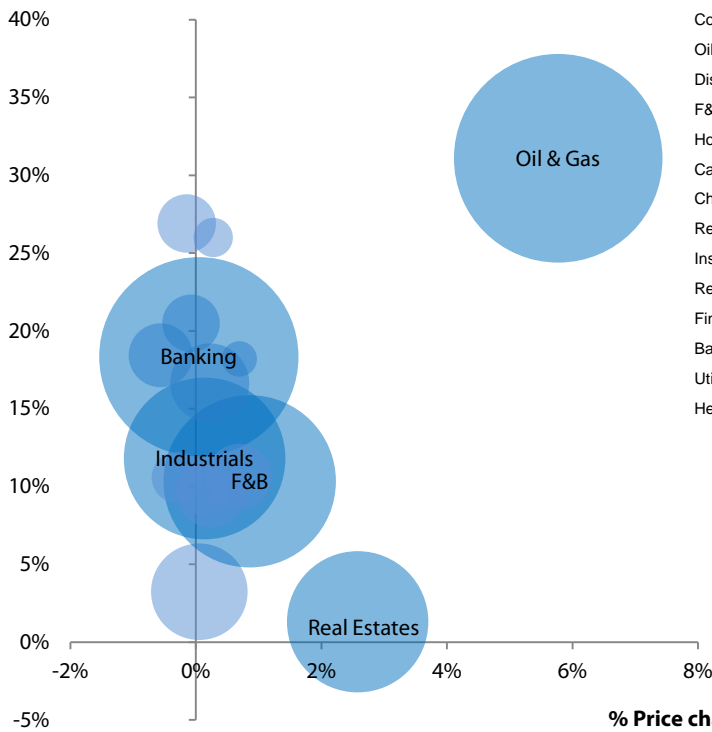
in recent time. Since early October, four leading tickers, i.e.: VIC, GAS, PVD, HVG, were become familiar names being sold by foreigner investors; despite of today's strong market rally, the above-listed stocks accounted for 58% of total net selling with VND36.3 billion. The coming up of deadline for the end of QE3 accompanied with the stronger and stronger dollar, the withdrawal of capital from emerging markets may continue next month. MSCI index for emerging and frontier markets has kept a downward trend since early September and it is unlikely to rebound in near future. We maintain our outlook that the market will be difficult to have a massively consensus increase and a good stocks are still be prudently accumulated, therefore, market liquidity is hardly to have considerable changes.

**VNINDEX 1.92% 600.55    VN30 0.91% 633.81    HNXINDEX -0.31% 87.00**



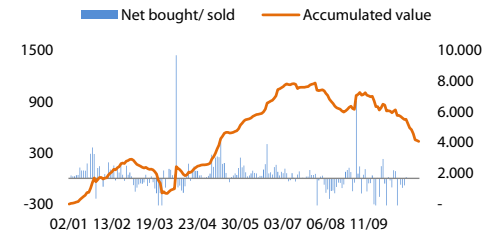
**Industry Movement**

**Industry ROE**

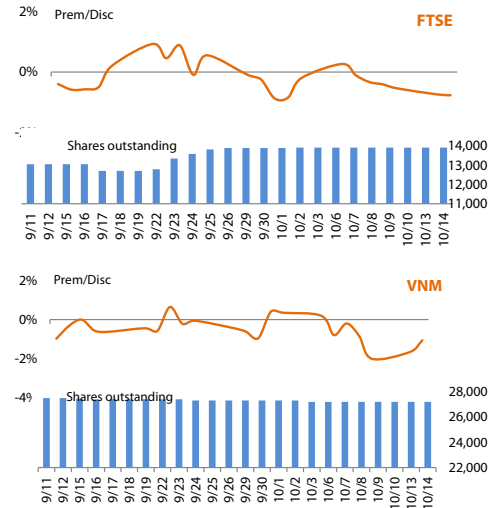


Industry	% change
Technologies	-0.1%
Industrials	0.1%
Constructions	0.1%
Oil & Gas	5.8%
Distribution	0.7%
F&B	0.9%
Household Goods	0.1%
Cars & Parts	0.3%
Chemicals	-0.6%
Resources	-0.1%
Insurances	0.2%
Real Estates	2.6%
Financials	0.2%
Banking	0.0%
Utilities	0.7%
Healthcare	-0.3%

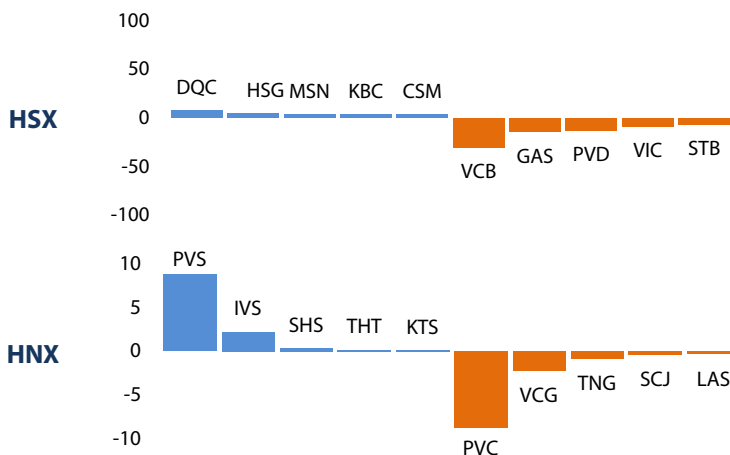
**Foreign Investors Trading**



**ETF**



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



**Top Active**

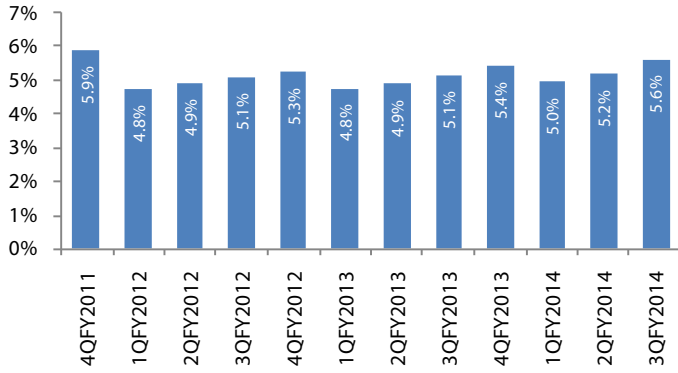
Ticker	Price	Volume	% price change
FLC	11.3	6.01	0.0%
KBC	15.9	4.02	3.2%
VHG	16.8	3.89	3.7%
ASM	11.6	3.52	2.7%
SSI	28.9	3.38	1.0%

Ticker	Price	Volume	% price change
KLF	11.50	5.78	-2.5%
PVX	5.90	4.71	0.0%
SCR	9.70	2.15	0.0%
FIT	26.60	2.11	-2.2%
PVS	40.10	1.92	-0.3%

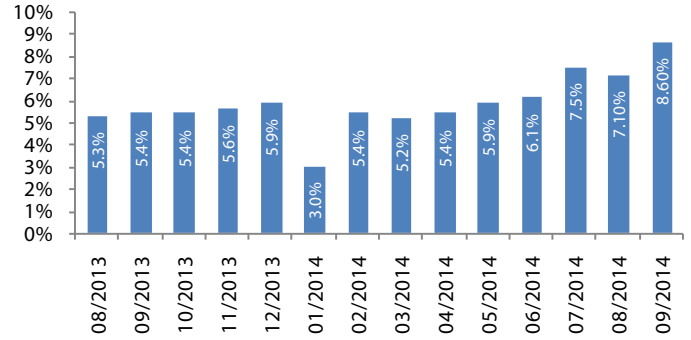
**MACRO WATCH**

**Graph 1: GDP Growth**



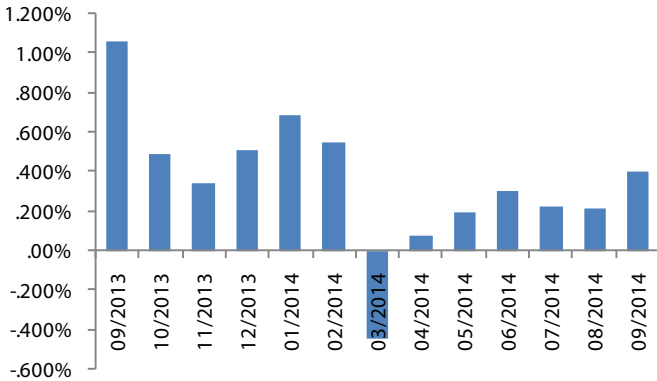
Sources: GSO. Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



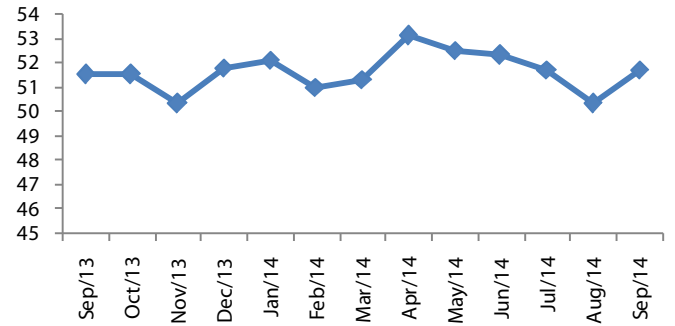
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



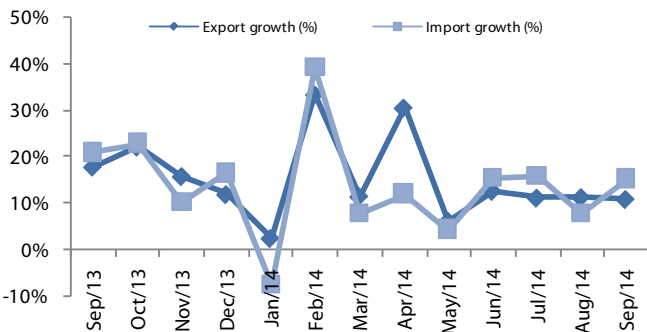
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



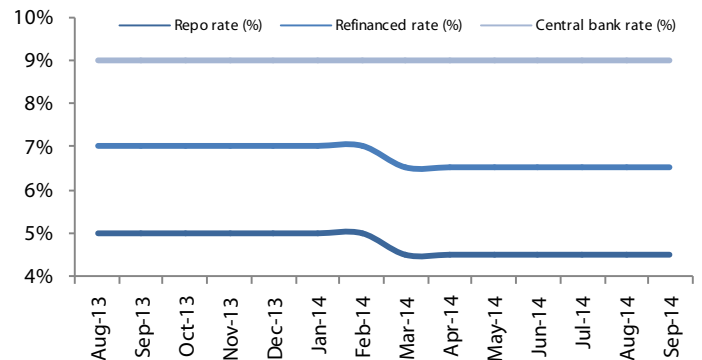
Sources: GSO. Rongviet Securities database

**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
TCM - Moving up the value chain	Oct 14 <sup>th</sup> , 2014	Accumulate – Long term	42,500
DHC - Restructuring yielded juicy fruits	Sep 29 <sup>th</sup> , 2014	Buy – Intermediate term	25,200
DCL – Chances as bad debts to be solved	Sep 22 <sup>th</sup> , 2014	Neutral – Long term	37,000
PVD – Busy O&G exploitation brought warmth	Sep 17 <sup>th</sup> , 2014	Accumulate – Long term	122,00
REE - Solid ground s for sustainable growth	Sept 9 <sup>th</sup> , 2014	Neutral - Long term	29,700

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	14/10/2014	0-0.75%	0-2.5%	11,859	11,886	-0.23%
VF1	17/10/2014	0.20% - 1.00%	0.50%-1.50%	22,346	23,083	-3.19%
VF4	15/10/2014	0.20% - 1.00%	0.00%-1.50%	10,475	10,744	-2.5%
VFA	17/10/2014	0.20% - 1.00%	0.00%-1.50%	7,509	7,787	-3.57%
VFB	17/10/2014	0.30% - 0.60%	0.00%-1.00%	11,943	11,983	-0.33%
ENF	10/10/2014	0.00% - 3.00%		11,149	11,094	0.5%

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