

JANUARY

30

FRIDAY

“Fail at resistance of 580 before effective day of Circular 36”

ADVISORY DIARY

- **Binh Minh Plastic: Difficult period passed**
- **Fail at resistance of 580 before effective day of Circular 36**

Binh Minh Plastic: Difficult period passed

As mentioned in our Investment Strategy Report-December 2014, plastic industry is one of the industries that enjoy benefit from the fall in oil price. To make this benefit clearer, our analyst has recently had a discussion with BMP representative and withdrawn opinions as below

In the same trend of Oil&Gas price, the price of plastic powder was decreased down to 15% by compared with the high price in second quarter of 2015. However, the business result of last quarter of 2014 could not reflect the change in oil price due to the average inventory turnover of BMP is usually about 2 to 3 months and lag of plastic and Oil&Gas price. At the end of 2014, revenue of BMP is expected to reach VND 2,500 billion (+1,9% compared with 2013) but NPAT is only equal to VND 375 billion (1.3%) due to the increase price of plastic powder and the big expense that the company spend on Customer Conference in Singapore (July/2014). A reduction price in input certainly has a big impact on the business performance of BMP since 2015. Our industry analyst believes that BMP’s revenue would achieve VND 2,800 billion and NPAT would be equal to VND 450 billion in 2015.

The most attention of the investors is retroactive income tax of VND75 billion that BMP has been appealing for reimbursement since the end of 2013. As mentioned in our result update report (Oct/2014), BMP was exempted their penalty as inappropriate appliance of income tax. Moreover, BMP’s tax liability would be deducted by part of the dividends the firm already paid to SCIC during 2009-2010. Particularly, according to the latest rulings of General Department of taxation, BMP would be reimbursed approximately VND 29 billion in 2015. As a result, the remaining payment of over VND41 billion (if booked), is less likely to influence on BMP’s NAT this year.

Through the meeting, our industry analyst understand that Binh Minh Plastic factory in Long An complete its first step in getting the business premises ready and currently in the phase of construction factory and facilities. According to the previous scheme, machinery for this project were transferred from the second factory in Song Than Industrial zone to operate with a design capacity equal to 15,000 tons per year. Nevertheless, thanks to the recovery of plastic pine market, BMP also has another investment project (~VND 150 billion) that would spend on buying new machinery in order to improve factory capacity to 30.000 tons per year. However, our industry analyst estimate that the design capacity of Long An factory would only be equal to 5.000-10.000 tons in 2015 due to the fact that Long An factory would be expected to start operate since the third quarter of 2015.

In 2015, not only under the pressure of competition from small businesses but also from large corporations such as HSG, BMP has selected to elevate the brand. Instead of expanding distribution channels as before, BMP focuses on improving sales policy and enhance the avatar at dealers. We believe that this solution may be appropriate when dealing with the difficulties ahead. However, in the long term, once the competition is increasingly fierce, a more radical solution would be necessary to maintain the current position of BMP.

Fail at resistance of 580 before effective day of Circular 36

The both bourses were sunk in red as VNIndex and HNIndex lost 7.21 and 1.39 points, respectively. However, to take a look in January, we still maintain a positive outlook on the market. At the first session of the month, VNIndex had started at 545.6 points but closed at 576.7 points as of the end

of the month (increased of 5.7%); average liquidity reached at VND2,435 billion, 1.5% higher than that of in December 2014. Furthermore, a variety of macro indicators such as inflation, interest rate, GDP show optimism that wiped out investors' concerns on the fall in oil price. As a result, in January, the index conquered 580 points thanks to the Banking industry. Banking index rose by 18.3% and somehow replaced the first rank posited by Oil&Gas industry. According to RongViet Research, Banking industry played such as important role in the seesaw market and was in expectation of fueling its optimism toward other industries.

In contrast, it has been no positive signal of foreign investors since net selling period in the end of 2014. Especially, the statistic showed that they have net-sold stocks in VN 30 group in 2 recent weeks. However, the total value of their transaction accounted only for 15% of the market, showing that domestic cash flow has still controlled the game.

The lack of counterweight from foreign cash flow has made the concern of cutting margin worse before Circular 36 coming into force from 01 February 2015 and market fluctuated. According to our view the market will not fall deeply due to Circular 36, but hardly come over the point of 580 in a sustainable way without significant improvement of liquidity or strong involvement of foreign investors in the weeks before Lunar New Year. However, this may be an opportunity for "demand meets supply" and value investors to restructure their portfolio

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WEEKLY TECHNICAL VIEW

VN-Index

After 5 consecutive weeks of rising, VN-Index decreased 6,31 points (or 1,08%), closed at 576,07. The liquidity rose 26,2%, up to 530 million shares.

Last week, VN-Index reached its strong resistance at around 580. This area also was where the 200-day and 100-day moving averages met each other and VN-Index could not break through and retreated to 576 area. Traders should watch for a continuing move down to retest the EMA(26) (at around 570) or a break out above the 580 area.

Looking at technical indicators, both the MACD and the RSI are weakening in a short-term although they are still bullish in longer term.

A negative divergence between VN-Index and the RSI appeared and need to be watched closely next week. If VN-Index keeps going down, break through the EMA(26) then a double –top pattern may be formed and the current uptrend need to be re-considered.



HNX-Index

HNX-Index dropted 1,3 points (or 1,5%), closed at 85,56. Trading volume increased 32,3% up to 278 million shares.

This week, HNX-Index retreated when it reached the 100-day moving average. The positive thing is that HNX-Index is still stay above its EMA(26) which supported HNX-Index in many recent sessions.

Next week traders should watch for a continuing move down to 83 area to retest the 200-day moving average or a reversal towards the 87 area.

Looking at technical indicators, both the MACD and the RSI turned from bullish to neutral



Recommendation:

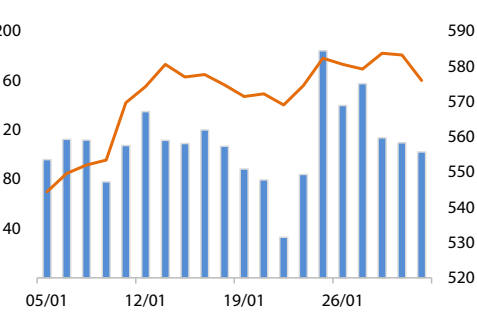
Both VN-Index and HNX-Index turned down on rising volume when they met the 100-day moving averages. Traders should stop disbursing and wait for the indexes to retest their EMA(26) supports.

Khai Tran

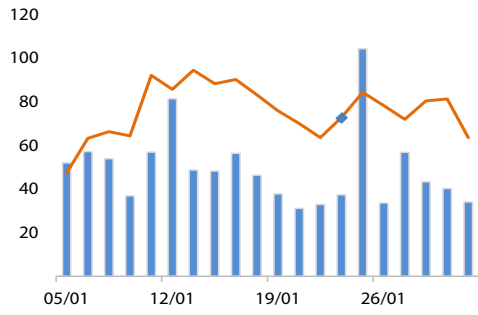
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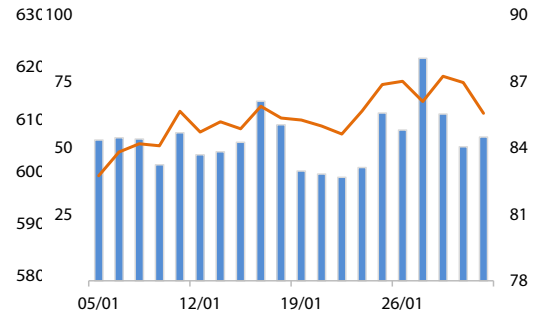
VNINDEX -1.24% 576.07



VN30 -1.20% 606.54



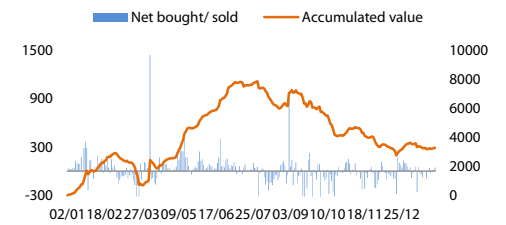
HNXINDEX -1.60% 85.56



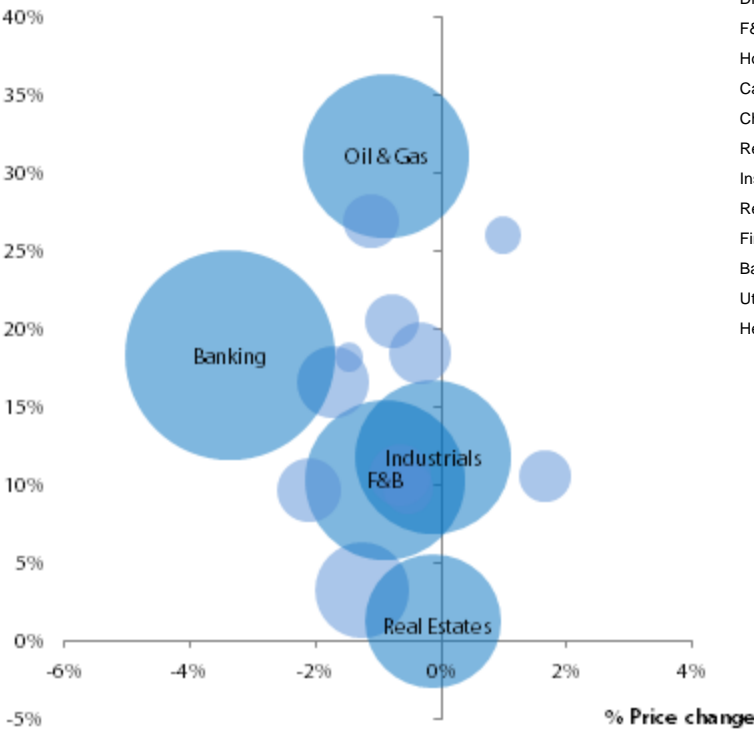
Industry Movement

Industry	% change
Technologies	-0.8%
Industrials	-0.1%
Constructions	-1.3%
Oil & Gas	-0.9%
Distribution	-1.5%
F&B	-0.9%
Household Goods	-0.5%
Cars & Parts	1.0%
Chemicals	-0.3%
Resources	-1.1%
Insurances	-1.7%
Real Estates	-0.1%
Financials	-2.1%
Banking	-3.4%
Utilities	-0.7%
Healthcare	1.7%

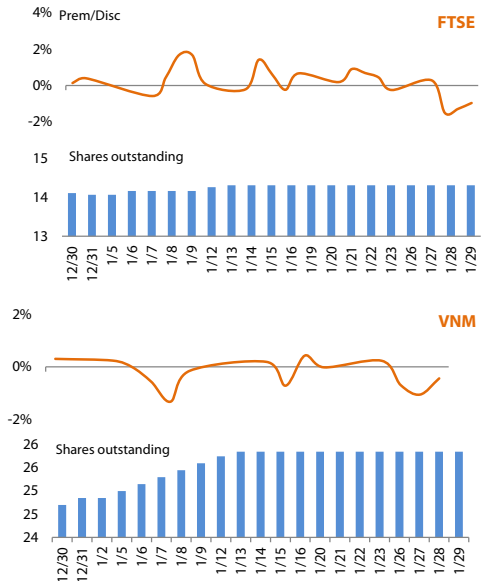
Foreign Investors Trading



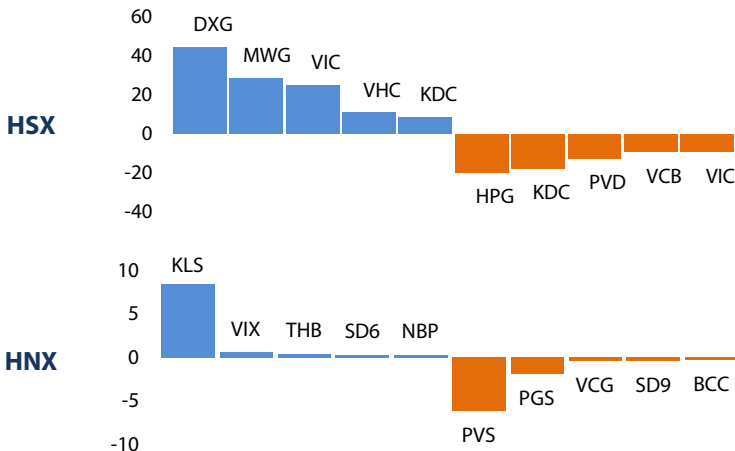
Industry ROE



ETF



Top net bought/sold by foreigners (VND bn)



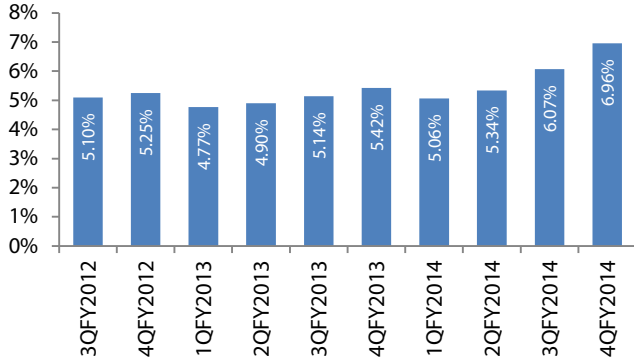
Top Active

Ticker	Price	Volume	% price change
DXG	16.5	6.07	0.0%
FLC	10.3	4.50	-3.7%
BID	17.5	4.22	-3.8%
DLG	11.5	4.18	-2.5%
VHG	12.5	3.75	-3.8%

Ticker	Price	Volume	% price change
KLF	10.4	7.03	-3.7%
SCR	7.8	6.30	-4.9%
SHB	9.0	4.14	-3.2%
HUT	13.8	2.19	-3.5%
KLS	10.5	1.50	-0.9%

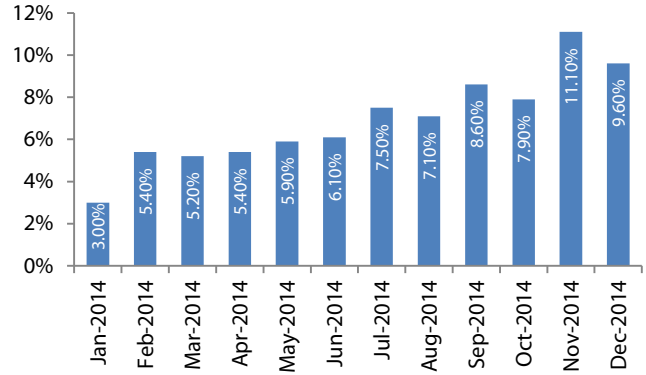
MACRO WATCH

Graph 1: GDP Growth



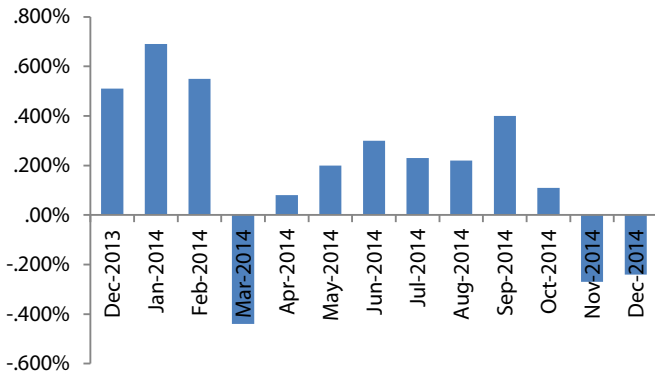
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



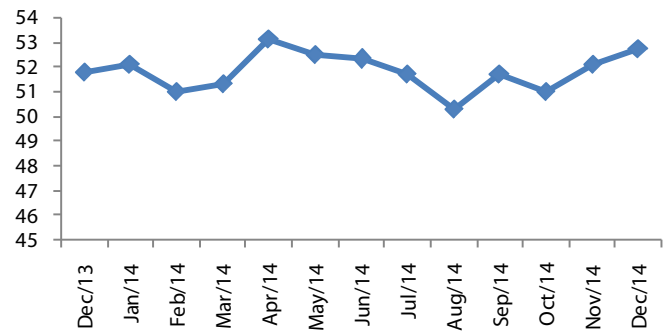
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



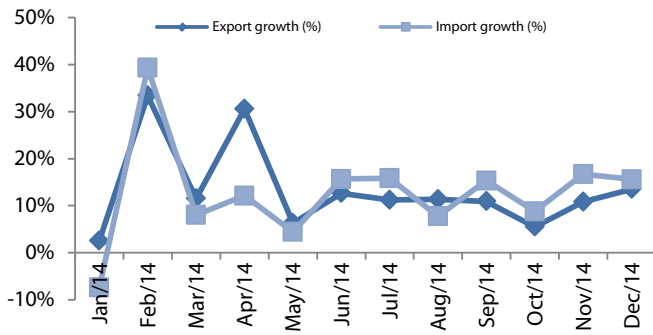
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



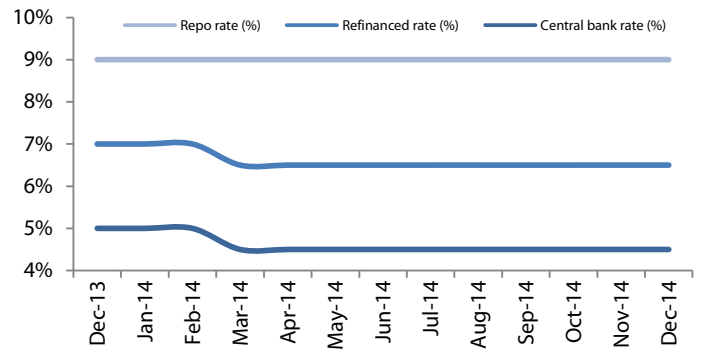
Sources: GSO. Rongviet Securities database

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
<u>VFF</u>	06/01/2015	0%-0.75%	0%-2.5%	11,403	11,370	0.29%
<u>VEOF</u>	06/01/2015	0%-0.75%	0%-2.5%	9,353	9,065	3.18%
<u>VF1</u>	14/01/2015	0.2% - 1%	0.5%-1.5%	21,250	21,133	0.55%
<u>VF4</u>	07/01/2015	0.2% - 1%	0%-1.5%	9,017	8,799	2.48%
<u>VFA</u>	09/01/2015	0.2% - 1%	0%-1.5%	7,345	7,313	0.43%
<u>VEB</u>	09/01/2015	0.3% - 0.6%	0%-1%	11,887	11,877	0.09%
<u>ENE</u>	09/01/2015	0% - 3%	0%	10,738	10,605	1.25%
MBVF	08/01/2015	1%	0%-1%	11,307	11,234	0.65%
MBBF	07/12/2014	0%-0.5%	0%-1%	11,924	11,908	0.13%

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