

JANUARY

05

MONDAY

*“December PMI sparks year start’s hopes”*

**ADVISORY DIARY**

- **December PMI sparks year start’s hopes**
- **The first dairy entry of 2015 - Purchase power recovery under a consumer’s eyes**

**December PMI sparks year start’s hopes**

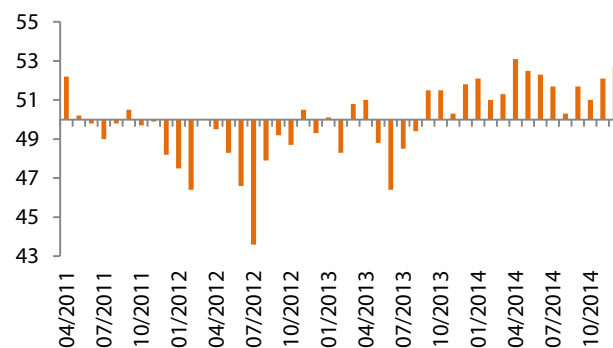
HSBC announced this morning Vietnam December Manufacturing PMI report, in which the gauge of Vietnam’s manufacturing activities expanded reached its highest in the past 4 months at 52.7 as compared to a reading of 52.1 in November.

In this month’s report shows there was a lasting increase in both domestic and export demand, evidenced by (1) an increase in new orders and output as compared to earlier survey periods, (2) strengthened payroll numbers and (3) higher inventories of input purchases. The survey also indicates a mild increase in capacity pressure and the second straight month of backlog increase in December. In sum, it was the combined improvement of all sub-indices that makes up the bright theme of this month’s PMI report.

HSBC also notes a drop in both input and output prices in December. Supplier prices were reported lower, manufacturers also stated there were declines in shipping and fuel cost. Faced with lower input costs, many even decided to cut their selling prices in December. Competitive pressures and efforts to stimulate demand also led to the sharpest fall in output charges in the one-and-a-half years. Our macro analyst stresses that the divergence between the rate of decline of input prices and that of output prices could have resulted in better profit margins for manufacturers and the payroll number increases is a support for domestic consumption in the coming Tet holiday.

We see the escalating December PMI is good news for the economy as the lasting uptrend of PMI reading since Q3 indicates more solid manufacturing recovery and promises more accommodating business environment in 2015.

**Exhibit 1: Vietnam manufacturing PMI 04/2011 – 12/2014**



Source: HSBC, RongViet Research compiled

**The first dairy entry of 2015 - Purchase power recovery under a consumer’s eyes**

Recently, the recovery purchasing power of has emerged as a matter of much debate where the media described domestic consumption as frail, wimpy or beaten yet economist said they have already felt the warmth. In the last couple of days, with two-month worth of salary in the wallet (yes, our company made big money this year!), Rong Beo roamed the town to reward himself with something nice but got caught up heating atmosphere of Saigonians going shopping for the holiday.

*It was the very first day of January and almost every supermarket he went to were packed with shoppers and that was with a substantial percentage of the city's population already gone for vacation somewhere else. Even the new Saigon Square in Hai Ba Trung Street, which was just open for business a day earlier, ran out of parking space. Rong Beo thought he would only find jammed roads where bikes moved by inches in street shoppings area like Nguyen Trai Street and Cach Mang Thang Tam Street, but he soon realized how wrong that thinking was looking at armies of shoppers marching into big shops the like of PT2000, Ninomaxx or Vascara. Maybe Mr. Vuong Dinh Hue had a point when saying he didn't believe its weakened consumption that had put a pressure on inflation.*

*Next morning, Rong Beo took a ride for Aeon Mall (Tan Phu) saying to himself "the farther the street the smaller the crowd" but only to prove it was just another mistake as the place was just as packed with people as the downtown.*

*Rong Beo could not think of reason for such shopping enthusiasm until he took a gas stop. It had been so long since he felt this overwhelming joy of having his tank filled for a fifty-thousand bill (about \$2.5). For those who travel a lot or everyone-has-a-bike households or those own a car (like this boss), Rong Beo bet the savings could be much more substantial and of course worth more goods and services. But it is hard to hold on to these "surpluses" when everything in the street is tens of percent off. Rong Beo realized he had never been so eager to buy something for the holiday as he is this year. Well, parting with cash is hard but "contributing to the GDP" is kind of a noble act. If everyone thinks so, 6-percent-or-so of economic growth for 2015 should not be something out of reach.*

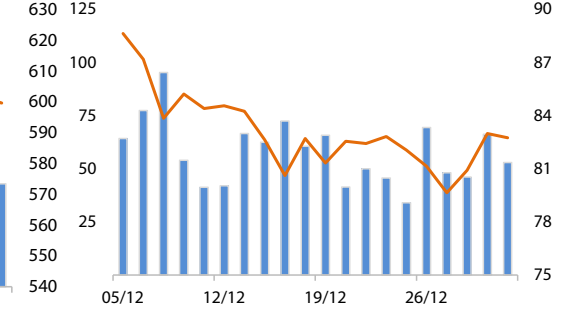
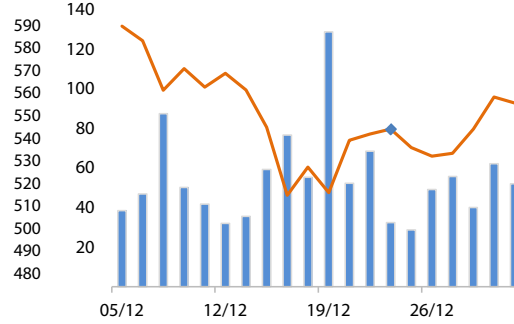
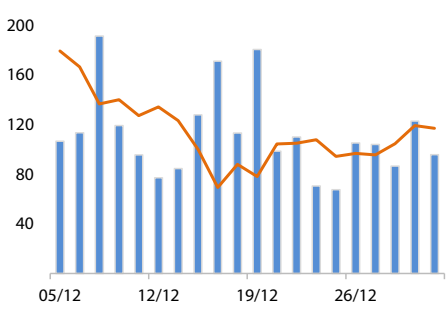
*It is too earlier and perhaps a little rush to say now and from this how the economy will fare this year, but at least, Rong Beo can feel things are getting better. As the thermometer of the economy, the stock market must have something to say about this, and it must be something nice.*

**Tai Nguyen**

+ 84 8 6299 2006 | Ext: 319

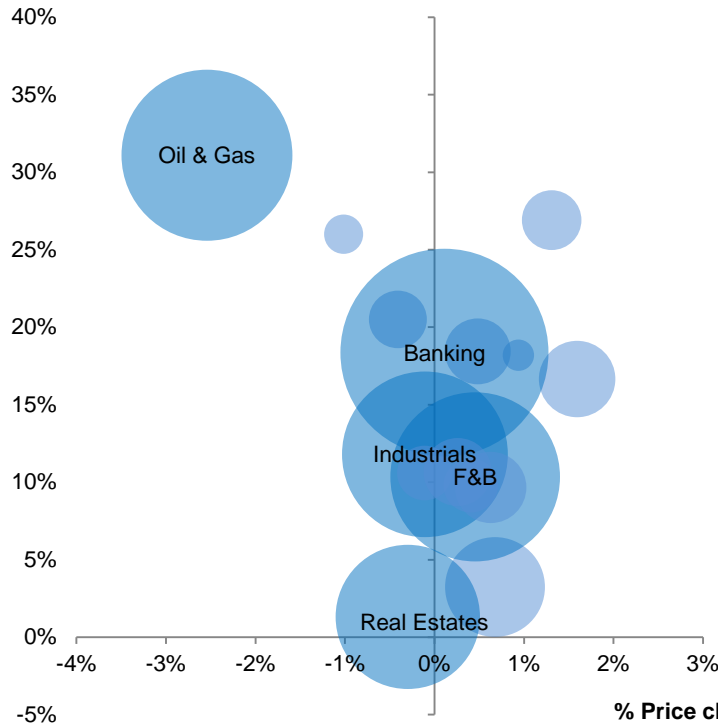
[tai.nbp@vdsc.com.vn](mailto:tai.nbp@vdsc.com.vn)

**VNINDEX -0.22% 544.45    VN30 -0.33% 599.69    HNXINDEX -0.29% 82.74**



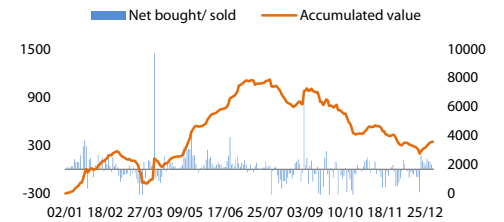
**Industry Movement**

**Industry ROE**

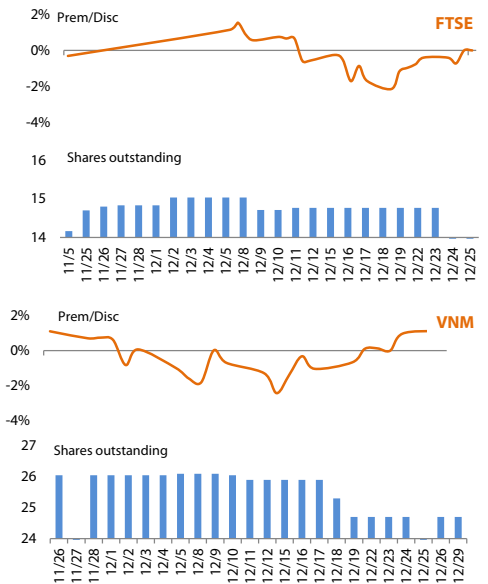


Industry	% change
Technologies	-0.4%
Industrials	-0.1%
Constructions	0.7%
Oil & Gas	-2.5%
Distribution	0.9%
F&B	0.5%
Household Goods	0.4%
Cars & Parts	-1.0%
Chemicals	0.5%
Resources	1.3%
Insurances	1.6%
Real Estates	-0.3%
Financials	0.6%
Banking	0.1%
Utilities	0.3%
Healthcare	-0.1%

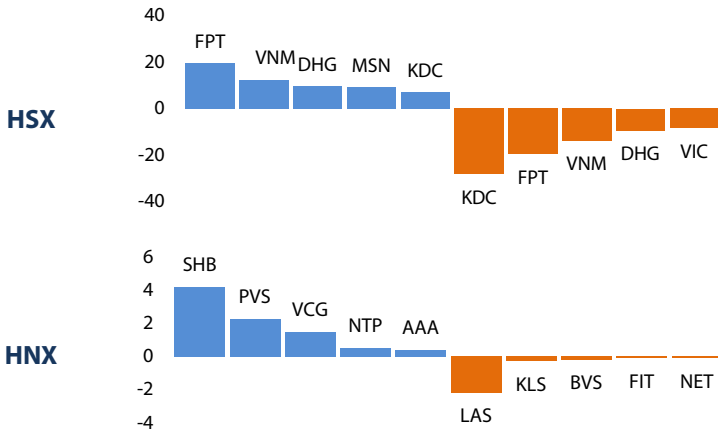
**Foreign Investors Trading**



**ETF**



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



**Top Active**

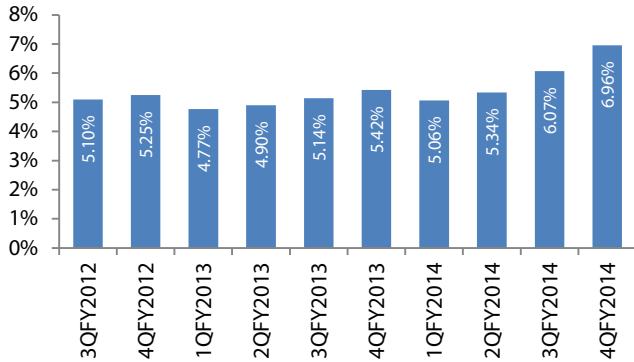
Ticker	Price	Volume	% price change
FLC	11.0	18.81	0.9%
OGC	7.3	8.16	2.8%
ITA	8.0	5.50	0.0%
VHG	11.9	4.62	0.8%
PVT	13.6	2.57	-2.9%

Ticker	Price	Volume	% price change
PVX	5.2	8.38	8.3%
KLF	10.9	6.52	-1.8%
SCR	9.2	3.95	0.0%
FIT	18.2	2.64	9.6%
SHB	8.1	2.25	0.0%

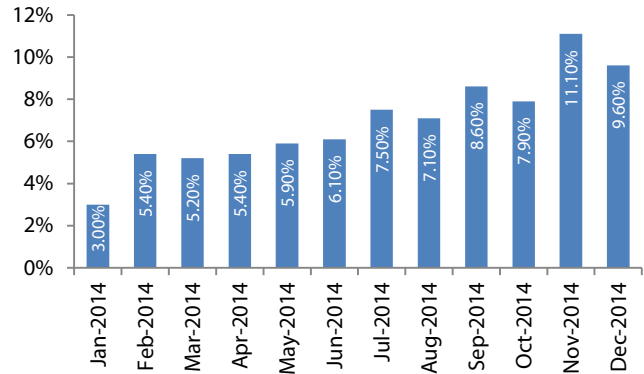
**MACRO WATCH**

**Graph 1: GDP Growth**



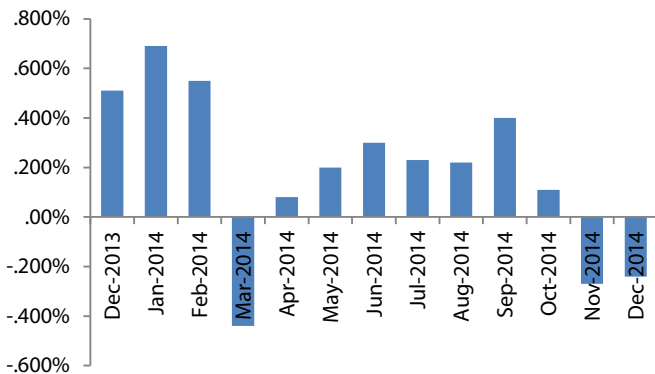
Sources: GSO. Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



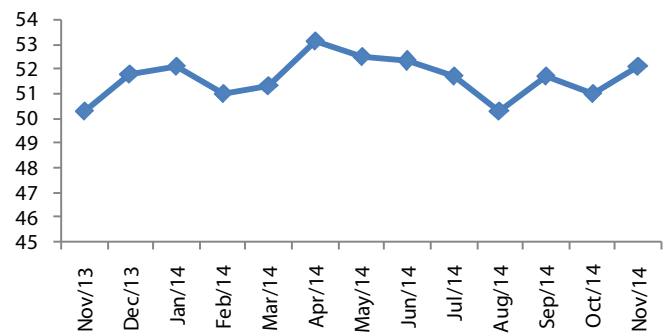
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



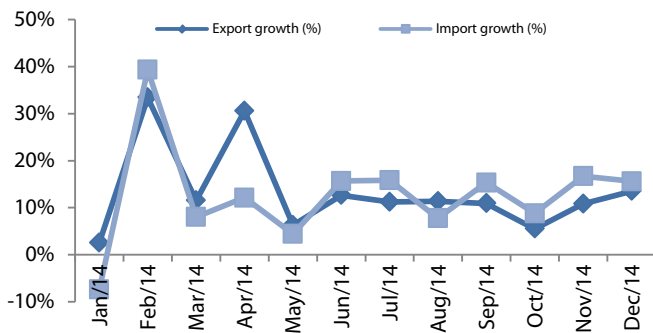
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



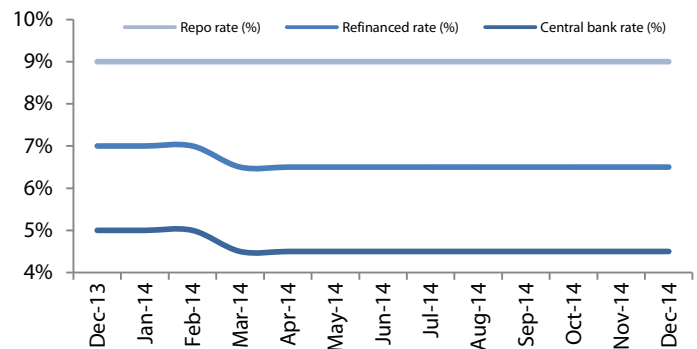
Sources: GSO. Rongviet Securities database

**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
DPM - Tail wind from crude oil	Dec 26 <sup>th</sup> , 2014	Buy – Intermediate term	36,100
VNM - 2014 - At the pit stop	Dec 19 <sup>th</sup> , 2014	Accumulate – Long term	110,000
PCT – Restructuring	Dec 11 <sup>th</sup> , 2014	Monitor	
FPT - Growth driver expected from retails	Dec 3 <sup>rd</sup> , 2014	Accumulate – Long term	61,000
GDT - Still being on upward trend	Nov 27 <sup>th</sup> , 2014	Accumulate – Long term	41,300

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	23/12/2014	0%-0.75%	0%-2.5%	11,398	11,522	-1.08%
VEOF	23/12/2014	0%-0.75%	0%-2.5%	9,432	9,775	-3.51%
VF1	30/12/2014	0.2% - 1%	0.5%-1.5%	20,106	20,149	-0.21%
VF4	24/12/2014	0.2% - 1%	0%-1.5%	8,835	8,875	-0.45%
VFA	26/12/2014	0.2% - 1%	0%-1.5%	7,262	7,277	-0.2%
VFB	26/12/2014	0.3% - 0.6%	0%-1%	11,856	11,849	0.06 %
ENF	26/12/2014	0% - 3%	0%	10,402	10,367	0.34%
MBVF	25/12/2014	1%	0%-1%	11,109	10,979	1.18%
MBBF	24/12/2014	0%-0.5%	0%-1%	11,893	11,892	0.01%

**ANALYSTS**
**Truc Doan – Head of Research**

+ 84 8 6299 2006 | Ext: 355

[truc.dtt@vdsc.com.vn](mailto:truc.dtt@vdsc.com.vn)

**Hoang Nguyen**

+ 84 8 6299 2006 | Ext: 328

[Hoang.nh@vdsc.com.vn](mailto:Hoang.nh@vdsc.com.vn)

**Lam Nguyen**

+ 84 8 6299 2006 | Ext: 323

[lam.ntp@vdsc.com.vn](mailto:lam.ntp@vdsc.com.vn)

**Tuan Huynh**

+ 84 8 6299 2006 | Ext: 326

[Tuan.hm@vdsc.com.vn](mailto:Tuan.hm@vdsc.com.vn)

**Ha My Tran**

+ 84 8 6299 2006 | Ext: 319

[my.tth@vdsc.com.vn](mailto:my.tth@vdsc.com.vn)

**Tai Nguyen**

+ 84 8 6299 2006 | Ext: 319

[tai.ntp@vdsc.com.vn](mailto:tai.ntp@vdsc.com.vn)

**Diem My Tran**

+ 84 8 6299 2006 | Ext: 320

[my.ttd@vdsc.com.vn](mailto:my.ttd@vdsc.com.vn)

**Van Binh**

+ 84 8 6299 2006 | Ext: 324

[Van.btt@vdsc.com.vn](mailto:Van.btt@vdsc.com.vn)

**Trien Le**

+ 84 8 6299 2006 | Ext: 325

[trien.lh@vdsc.com.vn](mailto:trien.lh@vdsc.com.vn)

**Tam Bui**

+ 84 8 6299 2006 | Ext: 324

[tam.bt@vdsc.com.vn](mailto:tam.bt@vdsc.com.vn)

**Huong Pham**

+ 84 8 6299 2006 | Ext: 323

[huong.pt@vdsc.com.vn](mailto:huong.pt@vdsc.com.vn)

**Nam Huynh**

+ 84 8 6299 2006 | Ext: 321

[Nam.hk@vdsc.com.vn](mailto: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



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