

“Declining liquidity showed that the upwarding trend were unstable”

- Declining liquidity showed that the upwarding trend were unstable
- Steel companies and the competition in domestic and export market
- CPI rose by 0.2% in May

Declining liquidity showed that the upwarding trend were unstable

After 2 adjusted sessions last week, the indices have moved up slightly today. Specifically, HXS increased 0.47%, reached 544.06 points; HNX increased 0.3%, reached 74.88 points. MSN, VIC or BVH were large-cap stocks that created rally for the market. In contrast, real estate stocks stayed flat in today’s session, although being considered as “heating up” in previous moves.

Meanwhile, liquidity reaches low level today. Trading volume on HSX decreased by 19% in comparison with the average of last week’s liquidity, whereas trading volume on HNX declined by 42%. Blue-chips were traded at low volume, with liquidity in VN30 declined by 39% compared to last week. Declining liquidity showed that the upwarding trend were unstable. There is a possibility that the next session will face some obstacles. In our perspective, short-term investors should be more cautious and wait for specific motivations

Steel companies and the competition in domestic and export market

Recently, concerns about Indonesia - one of the export markets of Vietnam's steel enterprises, will apply anti-dumping tax on steel sheet products from Vietnam. In the context that domestic market is expected to grow at low rate, this information is negative.

During Q1, performance result of most enterprises in sheet & steel industry generally are highlighted as unsatisfactory. Among the group 4 businesses (HPG, HSG, POM, SMC) reach ~ 10.000 billion in revenue (in 2013), only HPG has achieved impressive results in Q1/2014. Net profit of the three remaining companies HSG, POM and SMC have significantly reduced compared over the same period in previous year.

	HPG	HSG	POM	TLH	VIS	SMC	NKG	HLA	DTL	VGS
Revenue	6515.5	3342.19	2461.92	738.2	751.58	2282.3	1466.13	482.45	345.85	463.13
QoQ	66%	28%	-13%	23%	0%	-9%	69%	-58%	-4%	-30%
Net Income	910.21	67.79	-5.6	28.63	5.61	1.02	10.12	-152.02	2.65	6.88
QoQ	89%	-70%		-77%	-74%	-98%	-60%		1%	20%
EPS (VND)	4,913.05	4,118.72	-1,081.01	122.83	-881.35	-522.63	1,351.16	-13,069.68	232.49	382.01
Book Value (VND)	21,393	23,282	12,807	12,622	12,943	18,940	11,369	2,762	12,804	13,688
EBITDA(Tỷ VND)	4,074.42	959.68	309.43	68.9	220.92	102.39	270.67	-300.13	139.15	84.17
P/E	10.38	10.61	-11.47	66.76	-8.74	-18.75	6.81	-0.21	41.29	16.49
ROE	24.96%	17.67%	-8.46%	0.94%	-6.67%	-2.72%	12.31%	-163.98%	1.64%	2.83%
ROA	10.72%	5.23%	-2.59%	0.44%	-1.68%	-0.51%	1.63%	-23.26%	0.54%	1.22%
+/- 3 Months Volatility	26.90%	-9.61%	-5.34%	-1.20%	-26.67%	-19.66%	-20.00%	-41.30%	-8.58%	-16.00%

(Source: StoxPro)

Most companies have managed to maintain the same level of revenue as compared to the corresponding period, even though deteriorating profit margin has weighed down their operating results. For example, HSG was able to score impressive results in the 2012 – 2013 financial year, especially during the first quarters thanks to its cheap raw material stockpile, while pushing sales in its export markets. Nevertheless, because this was an unsustainable advantage, our analysts

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recommended investing in HPG for the steel sector portfolio, in spite of a surge in HSG stock price.

Understandably, due to no longer having the low-priced raw material advantage, coupled with the fact that its Indonesian market is about to implement an anti-dumping duty in June, HSG will face difficult challenges in the coming months.

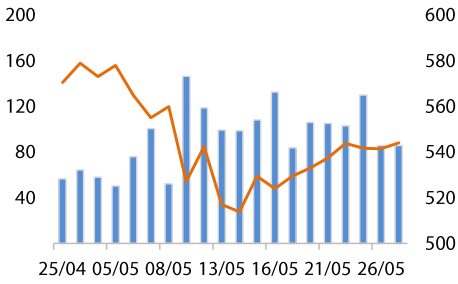
Among other tickers, our analysts believe that TLH and NKG are coming up with fairly stable business results. While TLH is ahead with zero long-term borrowing and having maintained a consistent annual dividend payout, NKG is dealing with colossal interest expenses which are shaving off most of its profit. However, in the next 6 months, an increase capital via issuance to strategic partners could help NKG improve its situation.

In conclusion, businesses with long-term strategies, which have focuses on improved supply chain and advantaged technology, would be profitable. In other hand, speculative actions could lead to negative results.

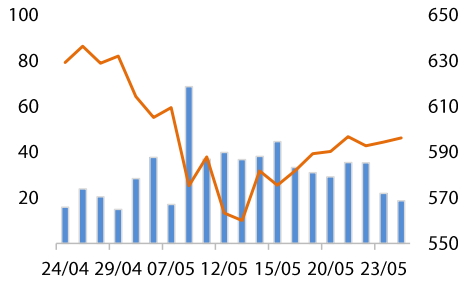
CPI rose by 0.2% in May

General Statistic Office has just published result of the national CPI in May. Accordingly, this index has risen by 0.2% as compared with April, and increased by 4.72% as compared over the same period in previous year. For the first 5 months of 2014, CPI has advanced up to 1.08%. Therefore, this result is totally coincides with our forecast in last week (May 19th). Specifically, except for the food industry and telecommunication play the role of stabilizing price, the remaining industry categories increase slightly. Notably, housing & construction materials, and transportation have the highest growth rate (respectively 0.43% and 0.36%).

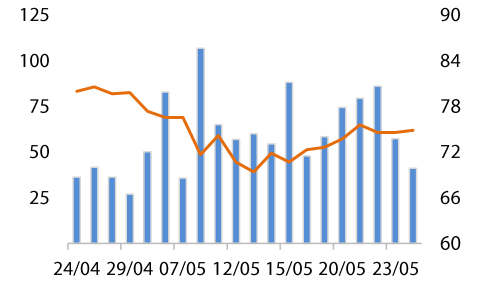
VNINDEX +0.47% **544.06**



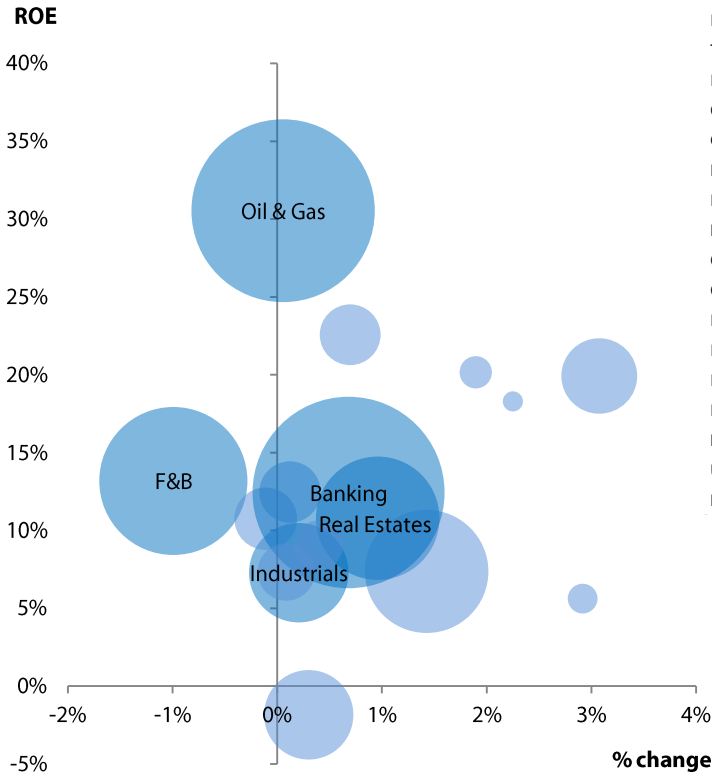
VN30 +0.32% **596.24**



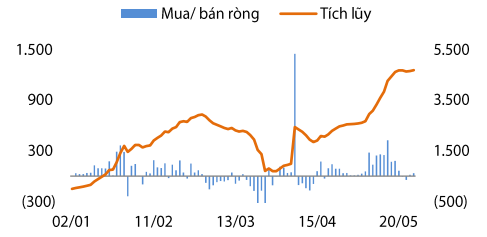
HNINDEX +0.40% **74.88**



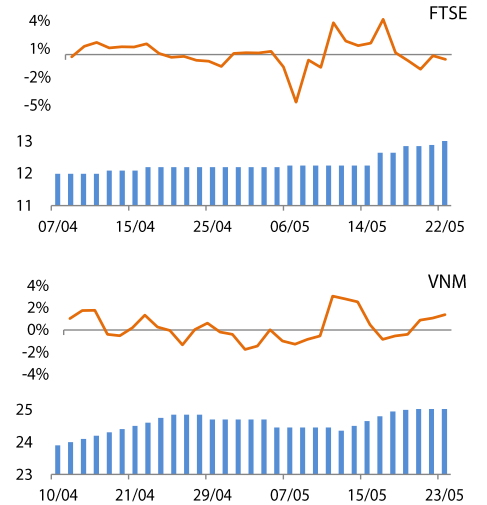
Industry Movement



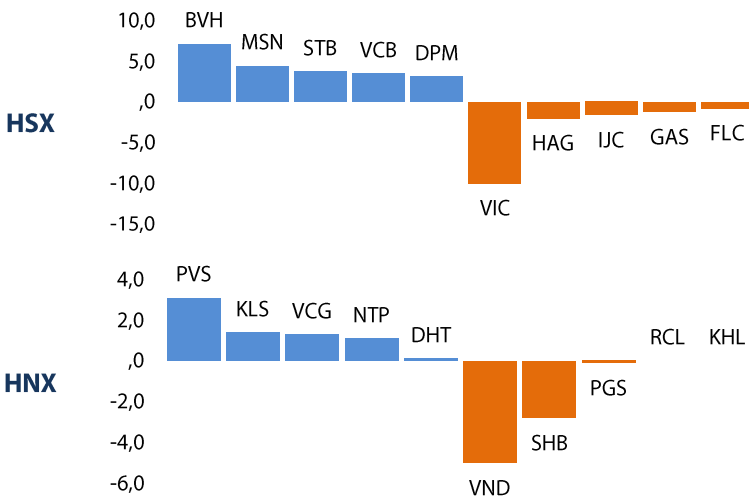
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



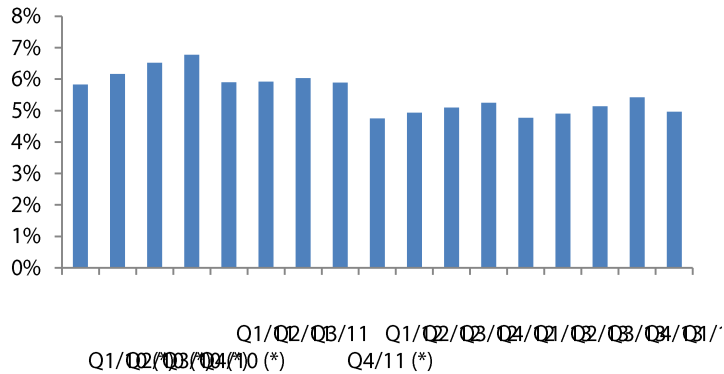
Top Active

Ticker	Price	Volume	% price change
FLC	11.10	11.97	6.7%
HQC	6.90	4.49	3.0%
ITA	8.00	3.69	1.3%
DLG	7.80	2.25	6.8%
VHG	8.10	2.02	6.6%

Ticker	Price	Volume	% price change
SCR	8.30	5.85	-1.6%
PVX	5.00	5.56	-1.3%
SHB	9.00	3.26	-1.4%
KLF	11.40	3.00	2.6%
KLS	10.60	2.78	-1.1%

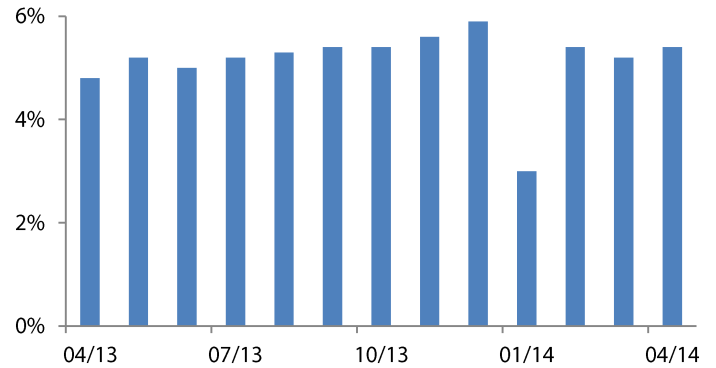
MACRO WATCH

Graph 1: GDP Growth



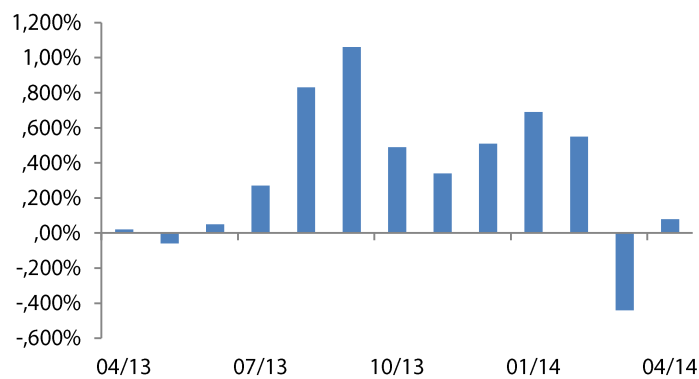
Sources: GSO, Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



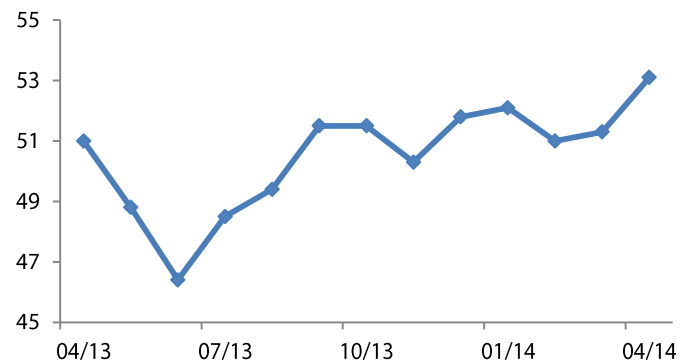
Sources: GSO, Rongviet Securities database

Graph 3: Monthly CPI



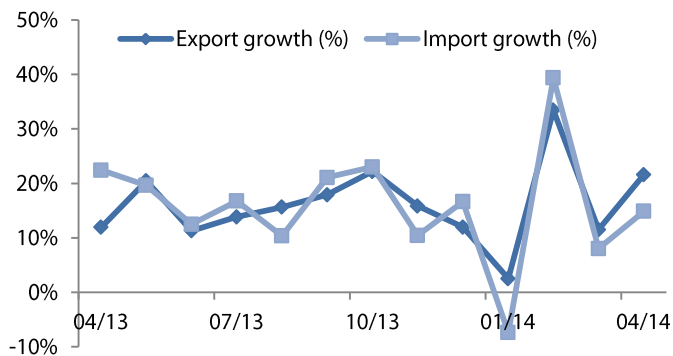
Sources: GSO, Rongviet Securities database

Graph 4: HSBC - PMI



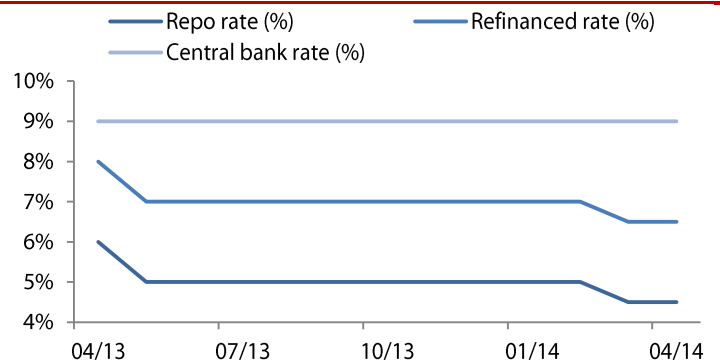
Sources: GSO, Rongviet Securities database

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
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
PPC-Stay firm	April 4 th , 2014	Neutral – Long-term	25,200

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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