

MAY

19

MONDAY

***“Investors may act to lock in their short-term profits”***

ADVISORY DIARY

- **Indices found support from foreign investors’ demand.**
- **It is possible that investors may act to lock in their short term profits.**
- **Directive No.1095/CT-TCDBVN on vehicle load testing along major highways could have some impacts on May’s Consumer Price Index.**

**Indices found support from foreign investors’ demand.**

Though opening low, the market bounced back on the lead major tickers to eventually end higher for the trading day. We saw that today up move mainly came from tickers that bought strongly by foreign investors such as HPG, PVD, VCB, BVH, ITA, MSN, KBC, etc..., many of whom were of good fundamentals (i.e. HPG, PVD, VCB...) whereas others are tickers with positive short-term cash flow outlook (i.e. ITA, KBC...).

Our preliminary data shows that just for the first nine trading days of May 2014, the foreign sector bought a net amount of more than VND1,400 bn on the HSX, almost the same as the whole-month net buying value of April; and we saw significant contributions of the two ETFs (i.e. VNM and FTSE) in such bullish move. In fact, of VNM ETF saw its outstanding shares increase 350 thousand units in period between the 12<sup>th</sup> and 16<sup>th</sup> of May, which in turns raised the number of shares of Vietnamese stocks in the fund’s holding. It thus can be inferred that, the pouring cash flows for bottom-fishing as we saw in the last downtrend of VNIndex, came not only from the demand of long-term investors, but also the participation of speculators.

**Table 01: Volume of Vietnamese stocks in VNM ETF basket**

Tickers VN = Vietnam	Stock volume		Difference
	16/05	09/05	
MSN VN	9,101,813	8,900,950	200,863
VIC VN	11,701,619	11,443,344	258,275
VCB VN	25,558,758	25,197,678	361,080
PVS VN	20,986,550	20,689,750	296,800
BVH VN	14,239,916	14,038,736	201,180
DPM VN	14,745,560	14,537,240	208,320
STB VN	23,527,353	23,008,131	519,222
PVD VN	4,498,166	4,434,606	63,560
ITA VN	48,404,261	47,720,351	683,910
SHB VN	34,388,600	33,903,200	485,400
HAG VN	11,734,885	11,569,045	165,840
VCG VN	26,164,397	25,794,797	369,600
OGC VN	20,835,326	20,540,966	294,360
PVT VN	15,813,622	15,464,780	348,842
PPC VN	7,148,720	7,047,720	101,000
GMD VN	4,908,306	4,838,936	69,370
DRC VN	3,250,341	3,178,590	71,751
PVX VN	68	68	-
<b>Total</b>	<b>294,701,708</b>	<b>292,308,888</b>	<b>2,392,820</b>

Source: Rongviet Securities database

**It is possible that investors may act to lock in their short term profits.**

The 12 – 16/05 trading week took place amid reservations of the majority of domestic investors, bringing frequent and drastic fluctuations to the market indexes. VNIndex, after two consecutive downs on 12 – 13/05 which pushed it to the lowest level since the beginning of the year, has seen technical rebound during the last few sessions of last week and even today’s (19/05). However, as

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of today, we have not seen sufficient fundamental evidence to indicate that VNIndex has passed its bottom for 2014.

In the meantime, with low-priced stocks having arrived to their accounts, the opportunity to lock in short-term profits has emerged for investors who were bottom-fishing last week. In additions, we noticed that VNM ETF price is now lower than its NAV. This discount from NAV may create a short-term selling pressure of VNM ETF in the Vietnam's stock market. The combination of these two factors may hinder a short-term rebound for the market. Therefore, we believe that investors who are holding cash should not rush-buy during sporadic up moves.

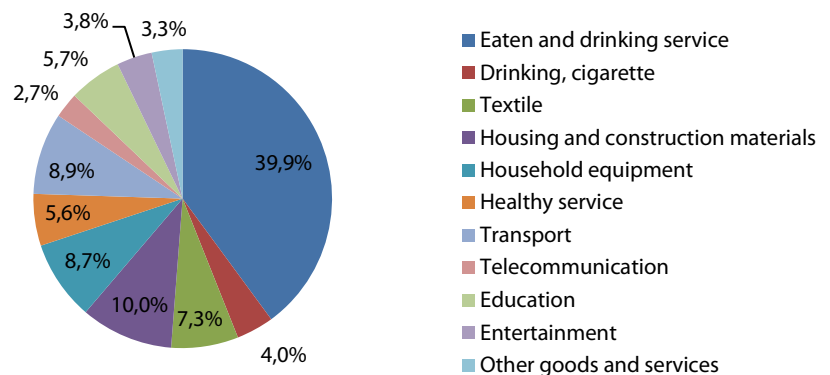
**Directive No.1095/CT-TCDBVN on vehicle load testing along major highways could have some impacts on May's Consumer Price Index.**

The rise in this month's Consumer Price Index in provinces across Vietnam and the country as a whole will be published this week. We are concerned that freight rate will have an upward effect on certain categories of the price index as compared to April, 2014. The rise could have been brought about by the implementation of load testing on highways under Directive No.1095, issued by the Ministry of Transportation at the end of March and effective since April 1<sup>st</sup> aiming to penalize load violations of land freight carriers. The directive's objective is to gradually reduce and eventually put an end to the presence of overloaded & oversized vehicles on roads across the country.

After the Directive went to effect, the land transport fee had witnessed a sudden increase, from 40 – 100%. The transport fee has a large proportion in total selling cost of many sectors which serve daily living demand. Therefore, the increase of transport fee will not only directly impact on transportation price index (made up 8.87% in CPI index), but also affect on the other group such as housing, construction materials... In May 2014, the selling price of gas also increased VND8,000/12-kg-vessel. However, compared to the total decrease of VND93,000/12-kg-vessel in first four month, the increase in this month is not significant, so we think that it will not affect the CPI.

With above analysis, we estimate that CPI in May 2014 may grow faster than the April's CPI and around 0.2%. The first five month inflation consequently reaches 1.38% and yearly inflation is around 5.03%. Compared to the drastic growth of the CPI in periods prior to 2013, the forecasted CPI is not very concerning. However, considering that USD/VND exchange rate and gold price are in a period of high volatility affected by events out of control, inflation picking up speed again may cause worries in the near term.

**Graph 01: CPI's components**



Source: Rongviet Securities database

**VNINDEX** 0,67%

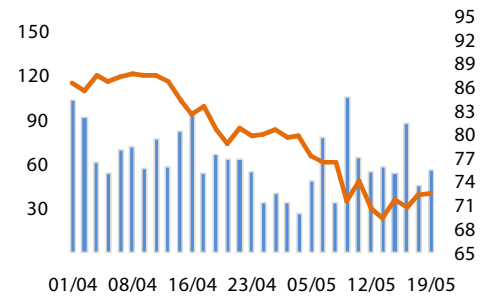
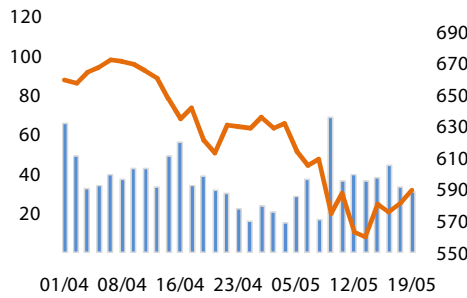
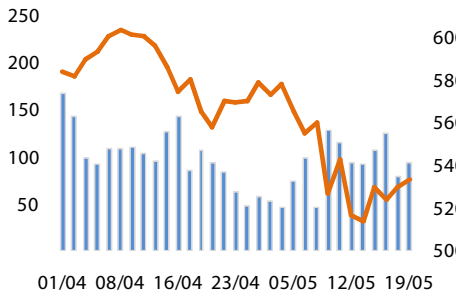
**533,04**

**VN30** 1,27%

**589,31**

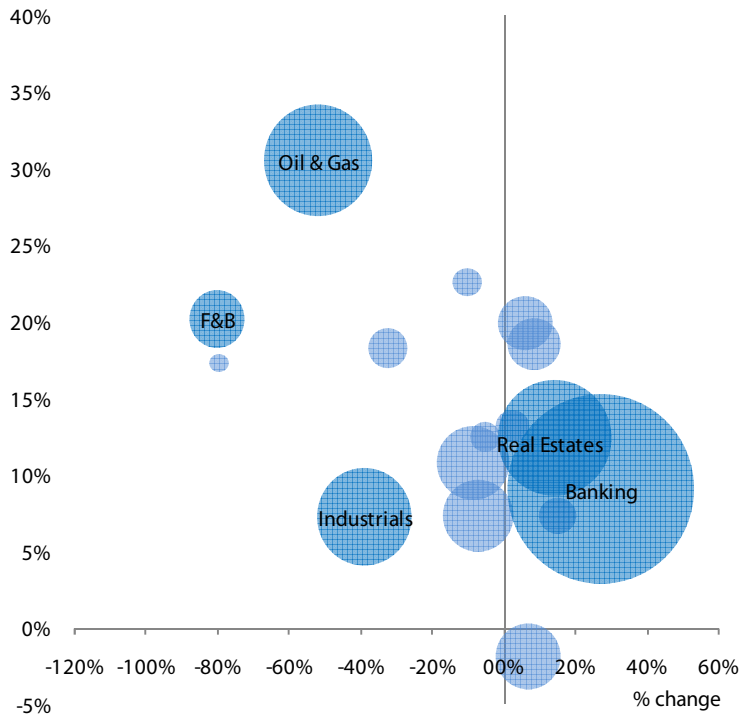
**HNXINDEX** 0,46%

**72,64**

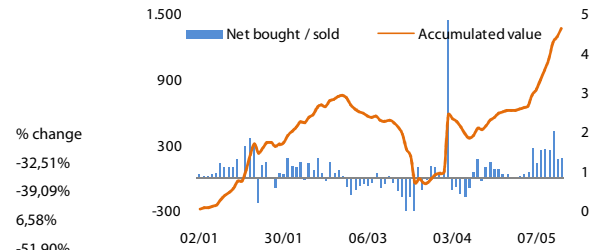


**Industry Movement**

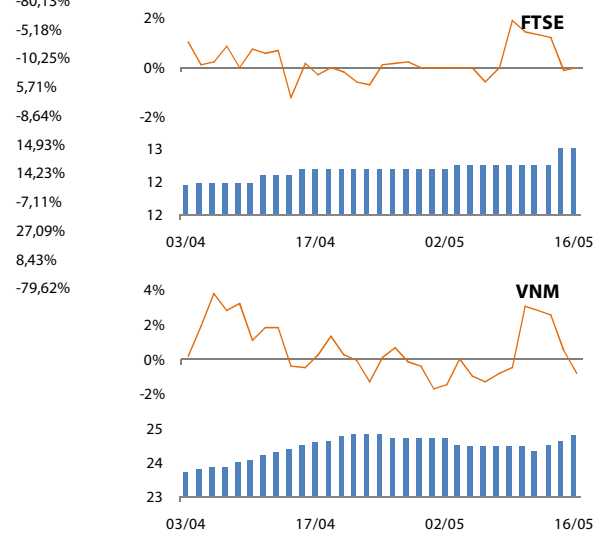
**ROE**



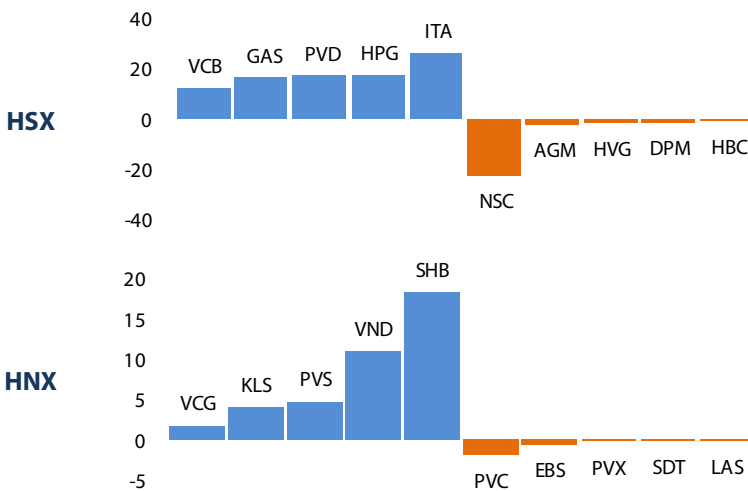
**Foreign Investors Trading**



**ETF**



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



**Top Active**

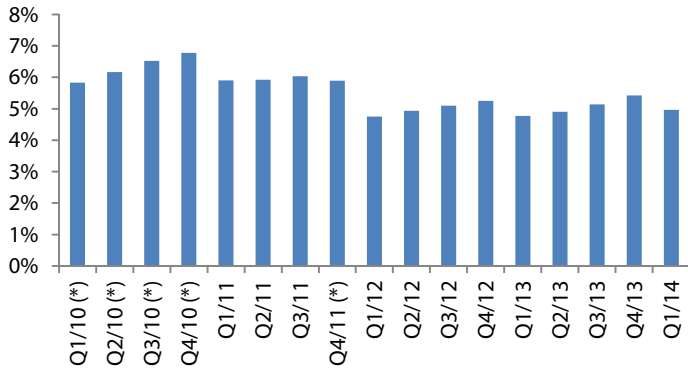
Ticker	Price	Volume	% P change
FLC	8,90	12,78	5,95%
ITA	8,00	9,12	6,67%
HQC	6,30	5,23	6,78%
HAG	24,50	2,56	-0,81%
TDC	11,30	2,47	2,73%

Ticker	Price	Volume	% P change
SHB	8,60	7,95	1,18%
PVX	4,20	6,20	0,00%
SCR	7,70	5,80	1,32%
KLS	9,90	4,61	2,06%
KLF	10,00	3,17	1,01%

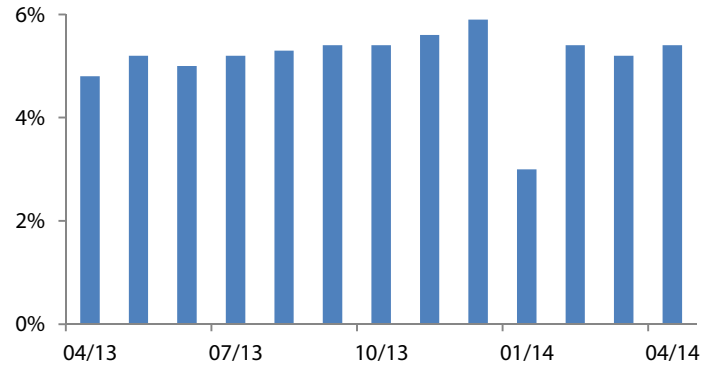
**MACRO WATCH**

**Graph 1: GDP Growth**



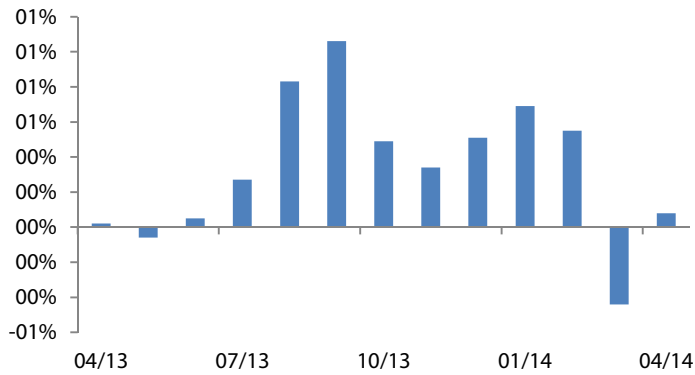
Sources: GSO, Rongviet Securities database  
(\* ) Comparison price in 1994

**Graph 2: IIP**



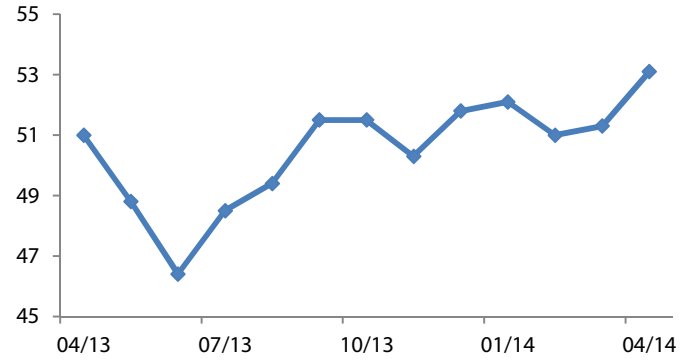
Sources: GSO, Rongviet Securities database

**Graph 3: Monthly CPI**



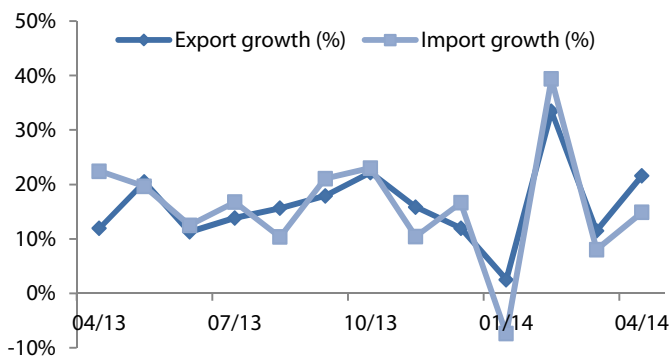
Sources: GSO, Rongviet Securities database

**Graph 4: HSBC - PMI**



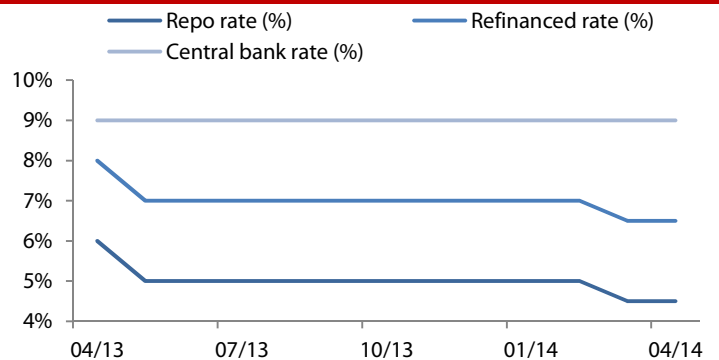
Sources: GSO, Rongviet Securities database

**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 <sup>th</sup> , 2014	Buy – Long-term	36,300
DIG-Reboot	April 28 <sup>th</sup> , 2014	Accumulated – Long-term	19,200
HPG-Sustainable Development	April 24 <sup>th</sup> , 2014	Accumulated – Intermediate-term	55,100
CSM-Radial and long-term growth	April 4 <sup>th</sup> , 2014	Neutral – Intermediate-term	46,700
PPC-Stay firm	April 4 <sup>th</sup> , 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	06/05/2014	0.75%	0.75%	10,455	10,727	-2.54%
VF1	08/05/2014	0.20% - 1.00%	0.50%-1.50%	21,227	21,917	-3.15%
VF4	07/05/2014	1.00%	0.50%-2.00%	9,502	9,946	-4.46%
VFA	09/05/2014	0.20% - 1.00%	0.00%-1.50%	7,344	7,400	-0.76%
VFB	09/05/2014	0.30% - 0.60%	0.00%-1.00%	10,775	10,771	0.03%
ENF	02/05/2014	0.00% - 3.00%		9,796	9,773	-1.06%

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Bản báo cáo này được chuẩn bị cho mục đích duy nhất là cung cấp thông tin và không nhằm đưa ra bất kỳ đề nghị hay hướng dẫn mua bán chứng khoán cụ thể nào. Các quan điểm và khuyến cáo được trình bày trong bản báo cáo này không tính đến sự khác biệt về mục tiêu, nhu cầu, chiến lược và hoàn cảnh cụ thể của từng nhà đầu tư. Ngoài ra, nhà đầu tư cũng ý thức có thể có các xung đột lợi ích ảnh hưởng đến tính khách quan của bản báo cáo này. Nhà đầu tư nên xem báo cáo này như một nguồn tham khảo khi đưa ra quyết định đầu tư và phải chịu toàn bộ trách nhiệm đối với quyết định đầu tư của chính mình. RONGVIET SECURITIES tuyệt đối không chịu trách nhiệm đối với toàn bộ hay bất kỳ thiệt hại nào, hay sự kiện bị coi là thiệt hại, đối với việc sử dụng toàn bộ hoặc từng phần thông tin hay ý kiến nào của bản báo cáo này.

Toàn bộ các quan điểm thể hiện trong báo cáo này đều là quan điểm cá nhân của người phân tích. Không có bất kỳ một phần thu nhập nào của người phân tích liên quan trực tiếp hoặc gián tiếp đến các khuyến cáo hay quan điểm cụ thể trong bản báo cáo này.

Thông tin sử dụng trong báo cáo này được RONGVIET SECURITIES thu thập từ những nguồn mà chúng tôi cho là đáng tin cậy. Tuy nhiên, chúng tôi không đảm bảo rằng những thông tin này là hoàn chỉnh hoặc chính xác. Các quan điểm và ước tính trong đánh giá của chúng tôi có giá trị đến ngày ra báo cáo và có thể thay đổi mà không cần báo cáo trước.

Bản báo cáo này được giữ bản quyền và là tài sản của RONGVIET SECURITIES. Mọi sự sao chép, chuyển giao hoặc sửa đổi trong bất kỳ trường hợp nào mà không có sự đồng ý của RONGVIET SECURITIES đều trái luật. Bản quyền thuộc RONGVIET SECURITIES, 2014.