

“Expanding room in securities firms will create long-term positive effect?”

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- Expanding room in securities firms
- Will the market go upward in next week?

Expanding room in securities firms...

Today, financial services industry tickers, which are almost securities firms, are traded at ceiling price due to positive information of expand “room” for foreign investors. However, we suggest that this increase is temporary because this information is difficult to come true in near future. When a brokerage firms want to increase the holding rate of foreign investors, it has to ask its General Assembly of Shareholders and SSC for permission. Normally, it takes 3-6 months to get approval. Moreover, increase in foreign investors’ holding share does not come together with improvement in business result. For other industries companies, expanding “room” need more time to implement, SSC said. Thus, investors should not make investment decision based on rumor in order to avoid loss.

Our industry analyst recently conducted re-evaluation reports of industries for the first 5 months period. Accordingly, financial services industry companies had low rating due to reasons such as revenue growth, low profit and inability to compete with other sectors in terms of P/E ratio or ROE. However, it was unlikely to deny the fact that there were still some well-performed businesses and the competition for market segment among these enterprises are very harsh.

Figure: overall quantitative appraisal in the first 5 months 2014

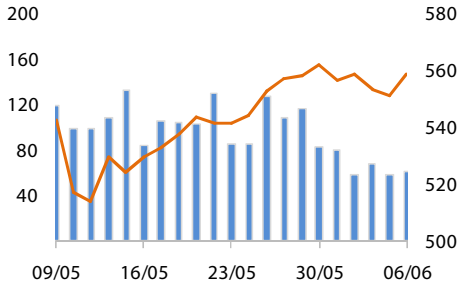
Criteria	P/E	P/B	Sale Growth (2009 - 2013)	Profit Growth (2010 - 2013)	ROE (4 quý gần nhất)	Score	Ranking	Sector Index Change (Up to May 20)
Weight	15%	10%	25%	20%	30%			
Personal goods	5	5	7	5	7	6.10	1	122%
Utilities	5	5	7	5	7	6.10	1	0%
Oil equipment, services & distribution	2	1	7	7	7	5.65	3	69%
Food producer	2	1	7	7	7	5.65	3	2%
Chemicals	6	5	3	6	7	5.45	5	-18%
Pharmaceuticals & biotechnology	3	2	6	5	7	5.25	6	28%
Beverages	4	2	4	6	7	5.10	7	-30%
Software & computer services	4	4	3	6	7	5.05	8	42%
General retailers	4	5	4	4	6	4.70	9	10%
Real estate investment & services	1	2	5	4	7	4.50	10	8%
Banks	3	5	6	4	4	4.45	11	-10%
Automobiles & parts	4	3	2	4	7	4.30	12	26%
Nonlife insurance	4	6	6	5	2	4.30	13	13%
General industrials	7	1	4	6	3	4.25	14	-6%
Industrial transportation	6	5	5	4	1	3.75	15	34%
Industrial metals & mining	1	1	6	2	4	3.35	16	45%
Mining	7	1	4	4	1	3.25	17	-4%
Building materials & fixtures	6	5	4	1	1	2.90	18	53%
Heavy construction	2	6	3	-	1	1.95	19	38%
Financial Services	1	4	1	1	2	1.60	20	-6%

... and will create long-term positive effect?

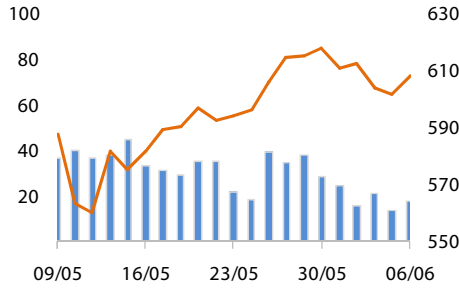
Although declining for the whole week but increasing significantly in weekend's session, the indices were not much different from last weekend, specifically, VNIndex closed at 559.04 points, fell by 0.53% whereas HNIndex reached 75.85 points, rose by 0.07% over the last week. As mentioned in yesterday's advisory diary, sharp decline in liquidity was the reason for investor's worry. Nevertheless, this issue should not be the problem because in this phase when there is no positive as well as negative information, low liquidity is very normal matter. Foreigners continued to buy on both exchanges but it decreased to VND 403 billion, downed 20% compared to that of last week.

As our recommendation mentioned at the early of this week, 550 points were a relatively solid fulcrum for VNIndex, which had been tested from recent trading week. It is expected that there will be no new information putting great impact on investor's sentiment. Thus, in our perspective, the indices in next week will continually fluctuate inch by inch though earlier sessions may still create positive effect due to today's increasing session.

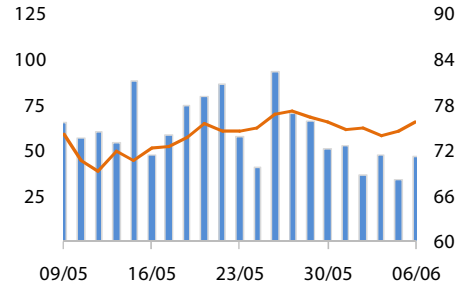
VN INDEX 1.44% **559.04**



VN30 1.14% **608.48**

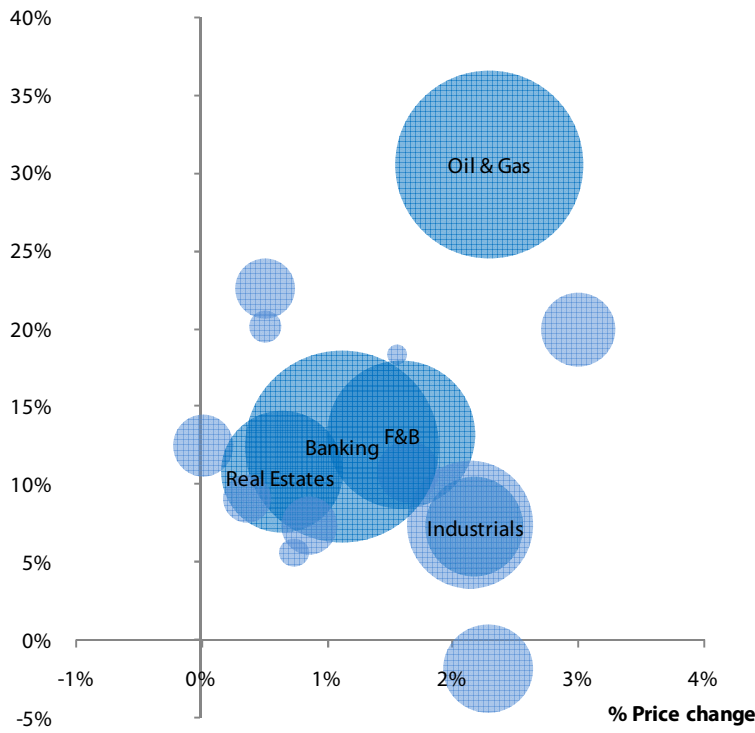


HNX INDEX 1.81% **75.85**

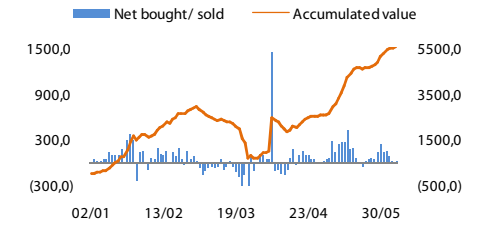


Industry Movement

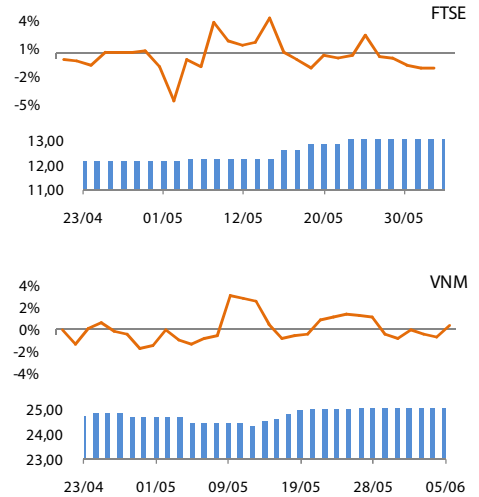
Industry ROE



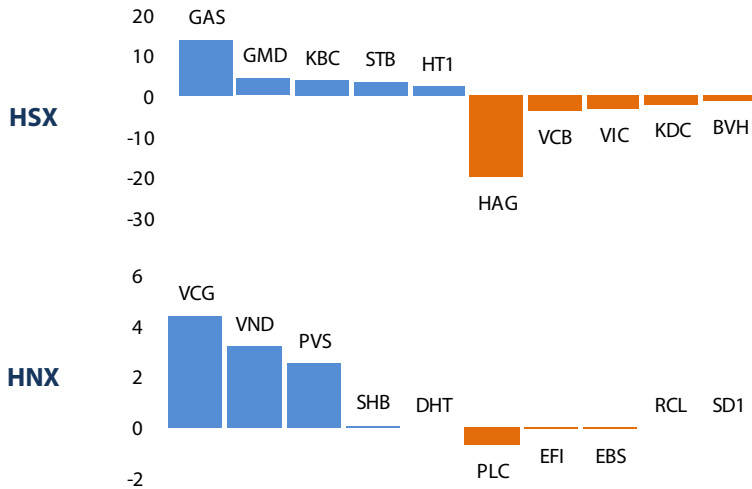
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



Top Active

Ticker	Price	Volume	% price change
FLC	11.00	9.62	4.8%
HQC	6.90	4.92	6.2%
SSI	24.90	4.66	6.9%
ITA	8.00	2.67	1.3%
HAG	23.80	1.90	1.7%

Ticker	Price	Volume	% price change
KLS	11.70	6.90	5.5%
PVX	5.30	4.97	-0.1%
SCR	8.40	4.22	1.4%
KLF	11.30	3.22	2.5%
SHS	8.90	2.95	3.9%

WEEKLY TECHNICAL VIEW

VN-Index

From 02/6/2014 to 06/6/2014, VN-Index lost 2,98 points (or 0,53%), closed at 559,04. Trading volume decreased 37% from 495 to 312 million shares.

After reaching 565,05 VN-Index corrected to 550 area on low volume. As mentioned, 550 is the support of VN-Index in a short-term, and VN-Index turned up at this point. However, we should wait for VN-Index to rise beyond previous peak (565,05) on increased volume to confirm that the correction has ended.

VN-Index is now moving just above the EMA(26) and below the 50-day moving average.

MACD did not rise but it is still above the signal line. RSI is fluctuating around 50. ADX shows that at this moment, the trend of VN-Index is weak.

The trading range of VN-Index in a short-term is between 550 and 565.

HNX-Index

From 02/6/2014 to 06/6/2014, HNX-Index rose slightly from 75,8 to 75,85 but the volume was down strongly with only 213 million shares changed hands (-32,9%).

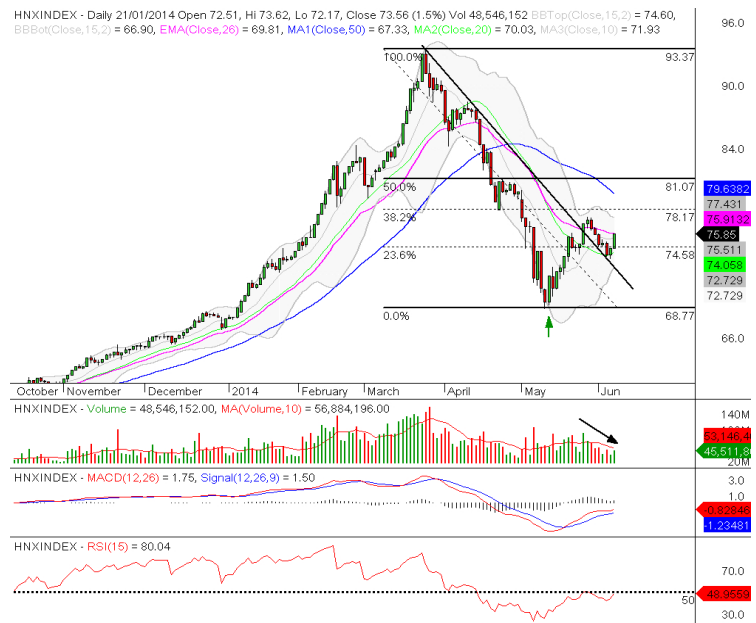
Volumes on HNX-Index maintained at low level for the whole week, showing investors' hesitation. HNX-Index is moving below the EMA(26) and this moving average hasn't turned up. In intermediate term, HNX-Index is still in a downtrend.

ADX indicator shows that the current trend of HNX-Index is weak.

MACD is above the signal line but the MACD histogram is lowering. RSI tried to overcome 50 but has not succeeded yet.

The support and resistance of HNX-Index are 74,5 and 78,5 respectively.

Recommendation: both two indexes turned down at resistances and then bounced back at supports. Trading volumes kept at low level. Short-term investors should wait for more signals from the market while long-term investors continue holding stocks for long-term goals.



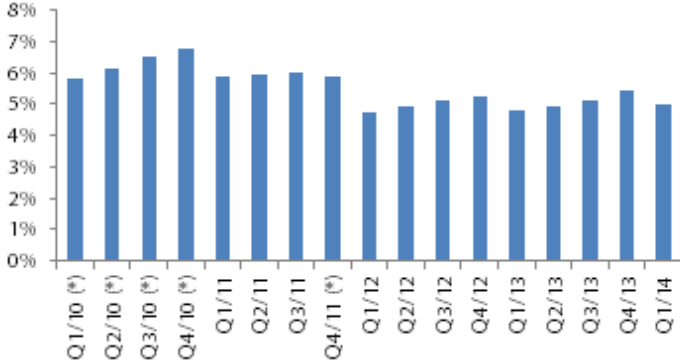
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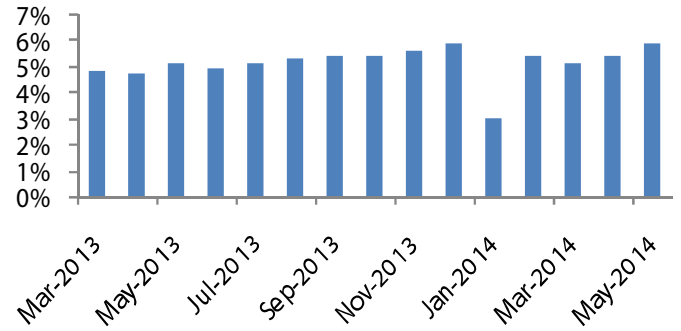
MACRO WATCH

Graph 1: GDP Growth



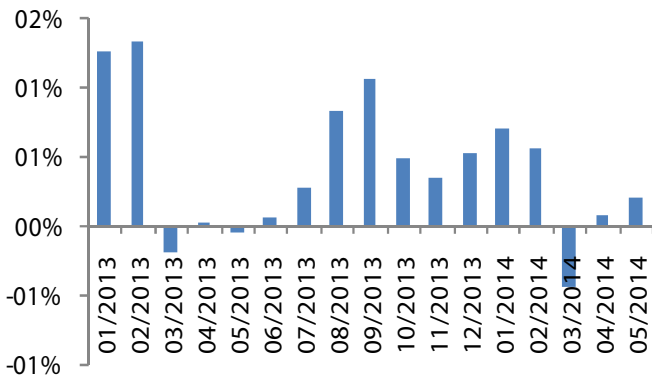
Sources: GSO, Rongviet Securities database
(*) Comparison price in 1994

Graph 2: IIP



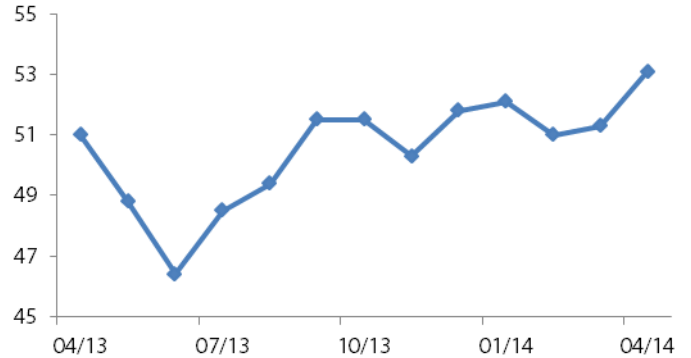
Sources: GSO, Rongviet Securities database

Graph 3: Monthly CPI



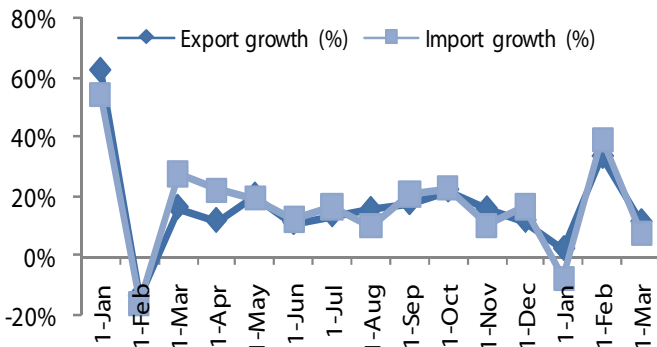
Sources: GSO, Rongviet Securities database

Graph 4: HSBC - PMI

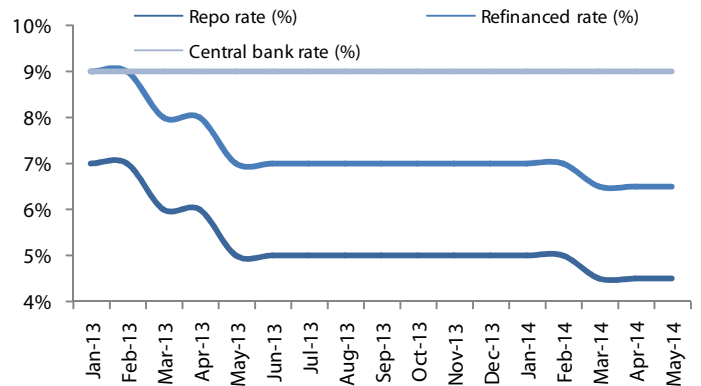


Sources: GSO, Rongviet Securities database

Graph 5: Trade Growth



Graph 6: Interest



Sources: GSO, Rongviet Securities database

Sources: SBV, Rongviet Securities database

RONG VIET NEWS

COMPANY REPORTS	Issued Date	Recommend	Target Price
DBC-Benefit from decline in material price	May 27 th , 2014	Buy – Long-term	28,000
FPT-Leaping revenue	May 27 th , 2014	Accumulate – Intermediate-term	51,600
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

 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	27/05/2014	0.75%	0.75%	10,740	10,688	0.49%
VF1	29/05/2014	0.20% - 1.00%	0.50%-1.50%	20,682	20,387	1.45%
VF4	28/05/2014	0.20% - 1.00%	0.00%-1.50%	9,249	8,997	2.80 %
VFA	30/05/2014	0.20% - 1.00%	0.00%-1.50%	7,362	7,349	0.19%
VFB	30/05/2014	0.30% - 0.60%	0.00%-1.00%	10,763	10,764	-0.01%
ENF	23/05/2014	0.00% - 3.00%		9,592	9,358	2.50 %

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