

AUGUST

22

FRIDAY

“GAS increased thanks to the expectation about agreement between PetroVietnam and Exxon Mobil”

ADVISORY DIARY

- Watch on a decrease of lending interest rate since the beginning of this year
- GAS increased thanks to the expectation about agreement between PetroVietnam and Exxon Mobil
- Weekly Technical Analysis

Watch on a decrease of lending interest rate since the beginning of this year.

RongViet Research had recently surveyed 20-financial-institution lending interest rates in 1H2014. Since the beginning of year, the common decrease in lending interest has been about 50-100 basis points applied in many largest banks. Although in 2014 the primary goal of monetary policy was to decrease lending interest rate, a drop in lending interest rate has been no difference with a fall in a ceiling deposit interest rate of the State bank of Vietnam executing in March 2014. In the middle of the year, the ceiling deposit interest rate had been in discussion to be removed; however, we believe that it plays a role as an “anchorage” for monetary policy. Accompanied by low inflation, we have high expectations that the State bank of Vietnam might taper off the ceiling deposit interest rate by more 0.5%-1% per year. As a result, lending interest rate will continue to foster the credit growth in the remaining year.

In terms of banks’ profitability, it was likely that the declining trend of interest rate and NIM of banks both declined compared with 2013. In which, the difference between lending interest rate and Interest spread of commercial banks was relatively closed to a fall in loan interests. However, NIM rate witnessed a lower drop; as a result Commercial Banks might balance assets in order to make profit margin less impact on the shrink in loan interests.

Table: Compare NIM and Interest Spread of commercial banks (Q2/2014 and 2013)

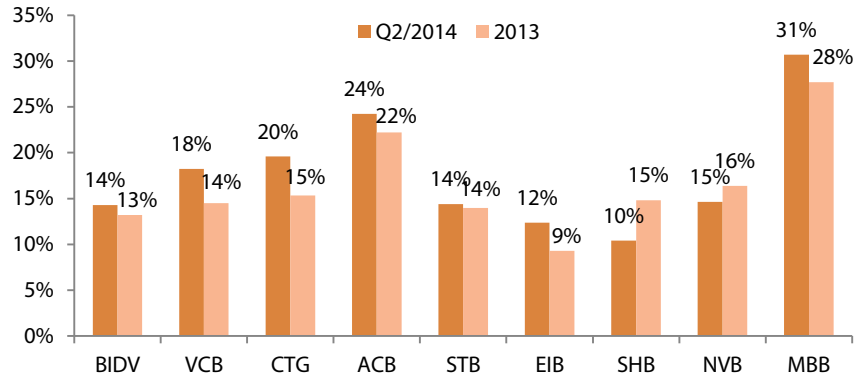
		NIM			Interest spread		
		Q2/2014	2013	Difference (bsp)	Q2/2014	2013	Difference (bsp)
1	BIDV	3,1%	3,0%	4	3,0%	3,2%	(26)
2	VCB	2,5%	2,8%	(33)	2,2%	2,7%	(55)
3	CTG	3,3%	3,9%	(54)	2,9%	3,9%	(103)
4	ACB	3,3%	3,1%	28	3,4%	3,6%	(27)
5	STB	4,9%	5,1%	(20)	4,9%	5,3%	(39)
6	EIB	2,1%	1,8%	34	2,0%	1,6%	43
7	SHB	2,6%	2,1%	49	2,9%	2,7%	18
8	NVB	2,2%	3,2%	(93)	3,1%	4,3%	(127)
9	MBB	4,4%	4,2%	19	4,3%	4,6%	(34)

Source: RongViet Securities, Bank’ financial report

Moreover, we realized that the proportion of investment stocks (mostly Government bonds & Treasury bills) rose in the majority of banks. In the two large banks namely CTG and VCB, the proportion of stock investing were 20% and 24% respectively (climbed to that of 15% and 22% at the end of 2013). Apparently, the figures demonstrate partly an eventful trading in Government bonds as well as in issuance of treasury bills of the State Bank of Viet Nam at the beginning of the

year. As our analyst's opinion, the trend seems to be maintained in the second-half year and the Banking industry outlook is less likely to be brighten as facing the increasing bad-debts figures and "hibernated" status of VAMC in supporting banks for resolving bad debts.

Figure: Proportion of securities investment in profitable bank' asset



Source: RongViet Securities, Bank' financial report

GAS increased thanks to the expectation about agreement between PetroVietnam and Exxon Mobil

We saw a positive movement index as well as market sentiment, especially in the late of trading week. Though we mentioned about cash flow into mid-cap and pennies at Advisory Diary in the early of trading week, but once again, large-cap stocks remained the leaders of market. VNIndex conquered the mark of 620 for the trading week thanks to significant support from GAS. In addition, foreign investors' turning bullish after an extended period of net sale was an important factor that triggered that the boom in the stock market. Unsurprisingly, GAS was bought by a net VND11.8 billion by foreign investors today. This evening, Bloomberg has mentioned about the ability that PetroVietnam may reach a agreement on a USD10 bn natural gas and power project with Exxon Mobil by next year. This project has been on media many times since the early of this year for exploiting natural gas resources at Ca Voi Xanh gas field (Quang Ngai), and above news could be considered as a new advance, increasing investors' expectation not only in GAS but also in other oil&gas stocks which could get benefits if project is executed.

Since the beginning of this August, we recognized that the input capital flows have been occurring and seeking for a chance in the stock market. Moreover, its movement is relatively flexible. On positive perspectives, it demonstrates the attractiveness of the stock market; on the other hand, investors are encouraged to make quicker decision and a long-term strategy sticking to a few stocks is less likely to be as common as that of before. Along with improvements this week, we believe that investors in consideration of disbursing next week should be cautious with the movement of capital flows. Blue-chips still is likely to potentially reach higher prices in spite of clear differentiation. Especially, we believe that the upside for leading tickers in the upcoming sessions is rather limited.

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WEEKLY TECHNICAL VIEW

VN-Index

VN-Index jumped 15,9 points (or 2,63%), closed at 620,14. Trading volume rose strongly to 640 million shares (+40,3%).

After struggling a bit earlier this week around its strong resistance (609), the index broke out on high volumes. VN-Index is now moving towards the upper trend line of the current channel at around 633. The 633 threshold is the historical high of VN-Index since October 2009. The strong resistance at 609 became the support of VN-Index.

On weekly chart, two big white candlesticks appeared continuously on rising volumes, showing that the money flow is running into the market.

Looking at technical indicators, the MACD appears neutral while the RSI remains in a bullish uptrend.

The negative divergence between RSI and price line vanished.



HNX-Index

HNX-Index added 1,11 points (or 1,35%), closed at 83,34. Totally, 296,7 million shares changed hands (+16%).

HNX-Index is still struggling around the upper trend line resistance at 83. Traders should watch for a break out above the upper trend line or a retracement back to the EMA(26) at around 81 before a move higher.

Looking at technical indicators, the RSI and MACD look rather bullish.

On weekly chart, three continuous white candlesticks appeared on rising volume, showing the uptrend of HNX-Index is still solid.



Recommendation:

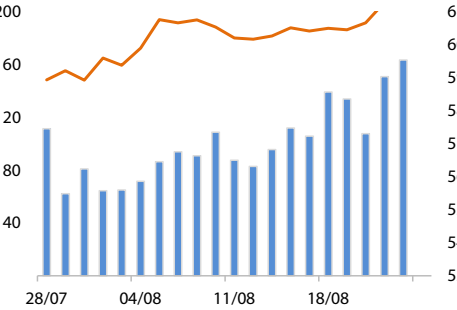
VN-Index broke out its strong resistance at 609 on heavy volumes while HNX-Index is still struggling around resistance at 83. Investors consider disbursing on correction.

Khai Tran

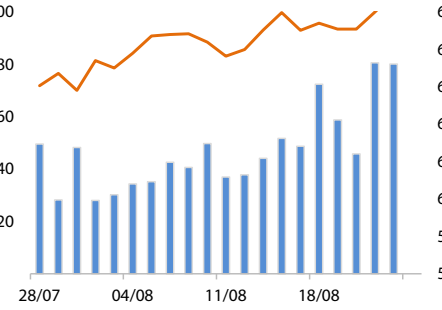
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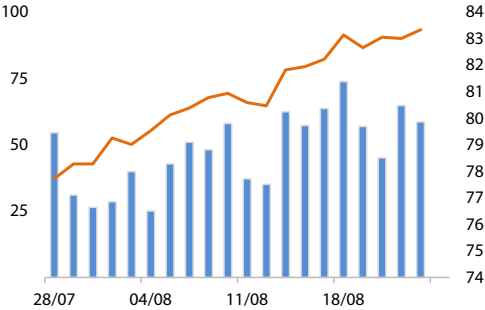
VNINDEX 1.17% **620.14**



VN30 0.77% **654.96**

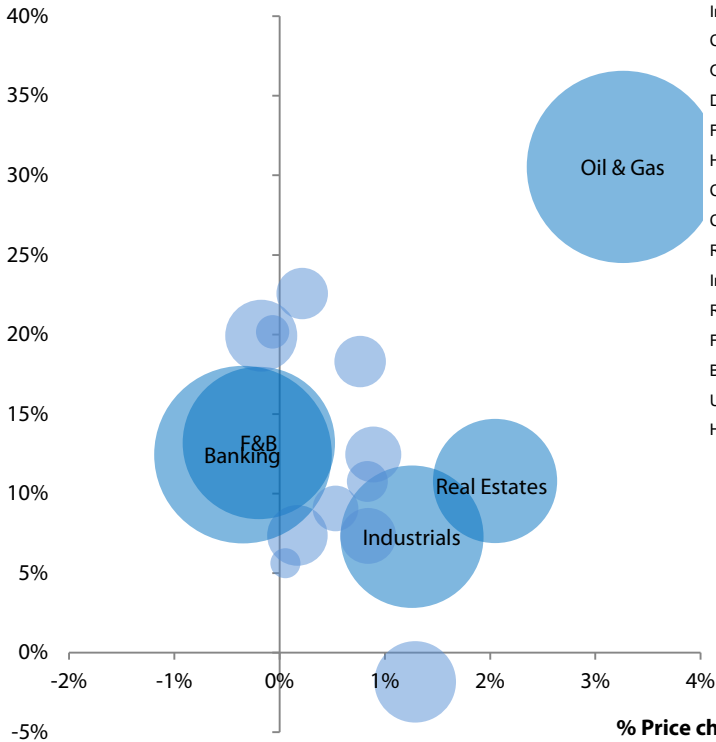


HNXINDEX 0.40% **83.34**

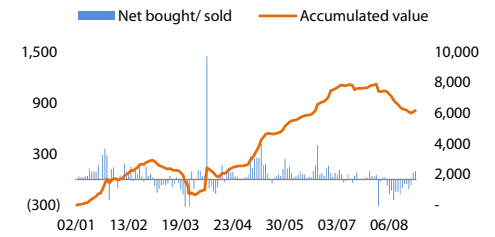


Industry Movement

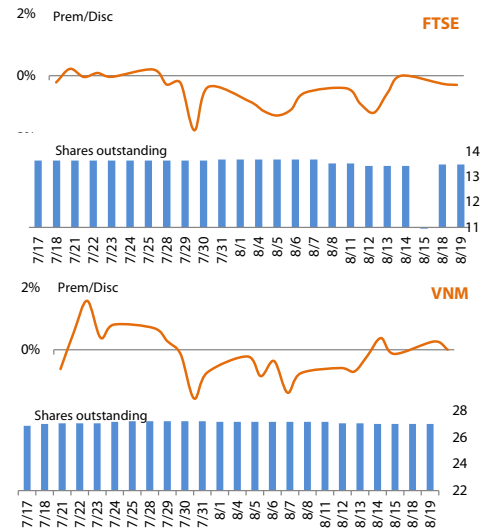
Industry ROE



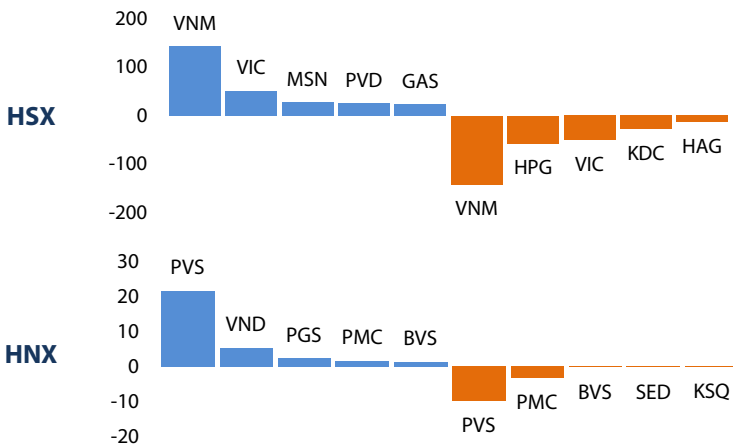
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



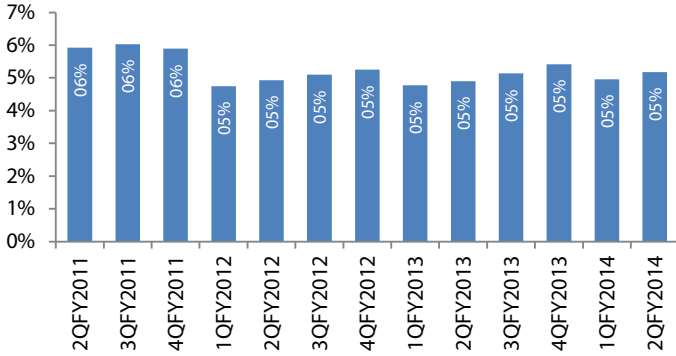
Top Active

Ticker	Price	Volume	% price change
FLC	12.70	28.52	0.8%
ITA	8.50	17.82	4.9%
HQC	8.00	3.86	0.0%
OGC	11.80	3.79	0.9%
SAM	11.40	3.56	-2.6%

Ticker	Price	Volume	% price change
PVX	4.80	6.11	0.0%
SCR	10.00	5.93	2.0%
PVS	37.40	3.89	0.5%
SHB	8.90	3.68	0.0%
KLF	12.10	3.29	0.8%

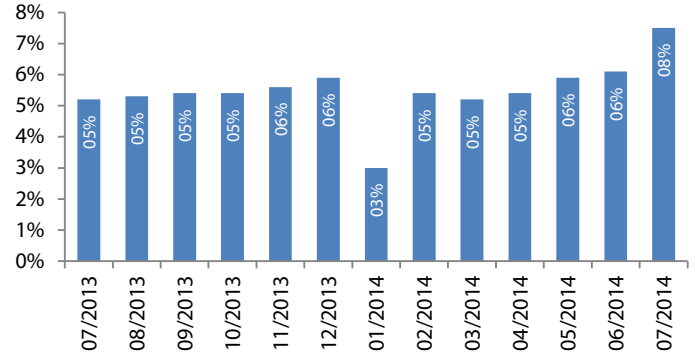
MACRO WATCH

Graph 1: GDP Growth



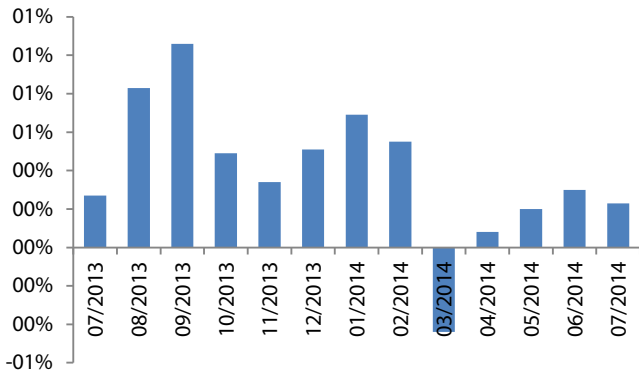
Sources: GSO, Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



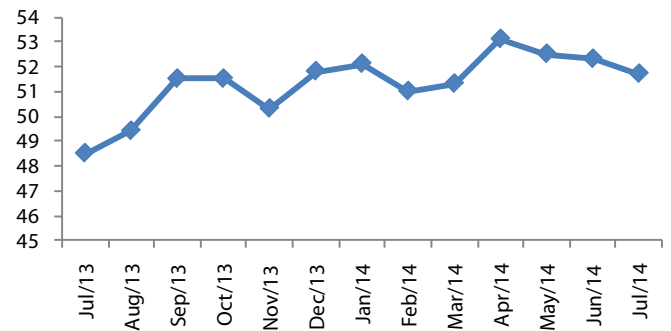
Sources: GSO, Rongviet Securities database

Graph 3: Monthly CPI



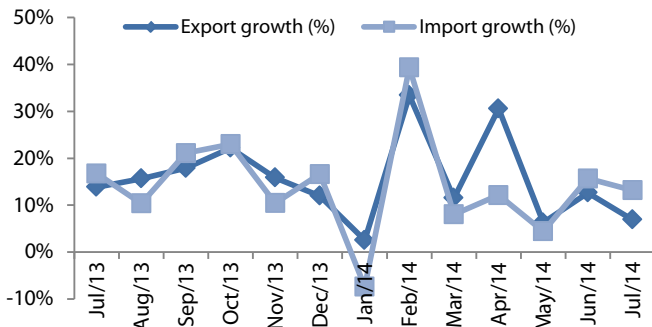
Sources: GSO, Rongviet Securities database

Graph 4: HSBC - PMI



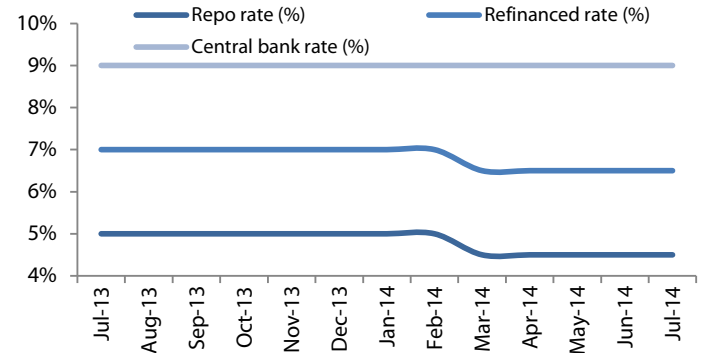
Sources: GSO, Rongviet Securities database

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
HSG - The hard part has gradually done!	Aug 21 st , 2014	Accumulate – Intermediate term	48,100
HPG - On the way to dominate nationwide' market shares	Aug 12 th , 2014	Accumulated – Intermediate-term	66,400
NBB – A new chaater with co-investment	Jul 31 st , 2014	Buy – Intermediate term	27,400
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

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	12/08/2014	0-0.75%	0-2.5%	11,191	11,182	0.08%
VF1	14/08/2014	0.20% - 1.00%	0.50%-1.50%	22,289	22,263	0.11%
VF4	13/08/2014	0.20% - 1.00%	0.00%-1.50%	10,088	10,211	-1.21%
VFA	15/08/2014	0.20% - 1.00%	0.00%-1.50%	7,571	7,537	0.45%
VFB	15/08/2014	0.30% - 0.60%	0.00%-1.00%	11,110	11,120	-0.10%
ENF	08/08/2014	0.00% - 3.00%		10,255	10,152	1.01%

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