

- **Vietnam: Credit ratings story**
- **August import – export: good news**
- **Conservative sentiment spreads on today’s session.**

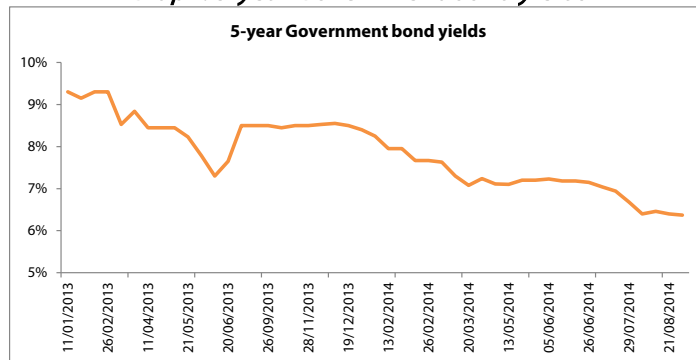
**Vietnam: Credit ratings story**

Since the beginning of this year, 3 largest credit rating agencies, Moody's, S&P, and Fitch Ratings have demonstrated positively to Vietnam economy. In particularly, in January, Fitch Ratings revised Vietnam outlook from level of “Stable” to “Positive”, affirming at “B+”. Also, in the middle of July, Moody’s Rating upgraded Vietnamese government bonds from B2 to B1 with outlook of “Stable”. Meanwhile, although S&P Rating maintained the same credit rating, they highly appreciated growth’s prospect to Vietnam economy. Recently, Fitch Ratings announced that they can raise Vietnamese rating from B+ to BB- due to the strength of external finances.

In general, the reasons for Vietnam to be upgraded mainly came from the marked improvement in macro-economy, such as declined inflation, stable exchange rate, highly-valued trade surplus, FDI growth with variety of bigger projects. Especially, loose monetary policy depending on low interest rate is appreciated highly by these agencies. Additionally, 5-year government bond yields reduced 19 basis points to 5.73% (12/09), the lowest since 2006, also the supporting factor for Vietnamese market. This information has been reflected clearly to stock market. Typically, in July and August, VN-Index and HN-Index increased 10.13% and 11% respectively and average liquidity on 2 exchanges usually reached VND 2,500 billion/session. In general, positive review from reliable rating agencies, along with rising 2 notes in list of competitive ability, mentioned on our previous advisory diary, show that attraction of Vietnam in international market going up and stock market is one of place getting most advantages.

*“Conservative sentiment spreads on today’s session.”*

**Graph: 5-year Government bond yields**



Source: Rong Viet Research

However, these reviews have not brought too much prospects for Vietnam as compared to another Asian nations. In the rating list of 3 agencies, mostly only Vietnam did not get level of investment rate. In which, Indonesia and Philippines was on the lowest level of this rate. The low rating also leads Vietnamese bond yields become higher to that of other countries (5.72%), only lower than Indonesia (7.94%). Vietnam Government have to try harder to be rated to Investment level because it is the popular elimination method of many foreigner investors, as well as deducting difference between another Asian nations.

On the positive side, improving credit rating will enable Vietnam to lower bond interest rates, opening the opportunity for the government to issue International Bonds with a worth of USD 1 billion to rollover debt next year. With reducing budget deficit from using cheaper capital investment, domestic companies also benefit from the reduction of capital cost when issuing International bond.

In summary, despite a better prospect for the economy, Vietnam, which lowering position and slowly increasing, is just “potential” or “investment considerations” inside the international investors’ mind. Therefore, to enhance the attractiveness of Vietnam in the International market, the Government should have more efficient policies with lower latency and the improvement in negotiation of TPP, FTA will be the closer step that Vietnam should reach in the near future.

**Table: Credit Rating of some Asian countries**

Country	5-year Govt. bond (%)	S&P Rating		Moody's Rating		Fitch Rating	
<b>Vietnam</b>	5.72	BB-	STABLE	B1	STABLE	B+	POSITIVE
<b>Hong Kong</b>	-	AAA	STABLE	Aa1	STABLE	AA+	STABLE
<b>Indonesia</b>	7.94	BB+	STABLE	Baa3	STABLE	BBB-	STABLE
<b>Japan</b>	0.18	AA-	NEGATIVE	Aa3	STABLE	A+	NEGATIVE
<b>Korea</b>	2.66	A+	STABLE	Aa3	STABLE	AA-	STABLE
<b>Malaysia</b>	3.72	A-	STABLE	A3	POSITIVE	A-	NEGATIVE
<b>Philippines</b>	4.00	BBB	STABLE	Baa3	POSITIVE	BBB-	STABLE
<b>Singapore</b>	1.53	AAA	STABLE	Aaa1	STABLE	AAA	STABLE
<b>Thailand</b>	3.01	BBB+	STABLE	Baa1	STABLE	BBB+	STABLE
<b>China</b>	4.01	AA-	STABLE	Aa3	STABLE	A+	STABLE

Source: tradingeconomics

### August import – export: good news

The General Department of Customs has just issued the export and import figures in August, similar to estimated data of GSO two weeks ago, Vietnam has begun to surplus since August with trade surplus of USD 1.07 billion (+78% yoy). In the first 8 months of the year, Vietnam’s trade balance surplus was USD 3.07 billion, as compared with deficit balance as the same time last year. Although the trade surplus continued to come from FDI enterprises with a trade surplus of USD 1.1 billion, the good point is that the trade deficit of domestic companies in August has decreased considerably as compared with July, with only USD -27 million (less than 1/25 trade deficit as compared with previous month).

In August, Vietnam’s export turnover was USD 13,3 billion ( +2.8% compared with previous month), in which garment related export accounted for the large part of the turnover structure, being USD2,14 billions, leveling with the month of July. To continue, mobile phones and its related parts export value reached USD 1,8billions (+3.5% as to July’s value). Besides, fisheries industry which received some of the good news from favorable policies and positive fluctuation in foreign demand has seen its export growing by 5.6% relatively to that of July. In the other hand, imports have seen a decrease across various sectors, particularly petroleum sector (-37.9%), liquefied gas (-34.4%), cotton and yarns (-19.5%). In overall, the decrease in imports in August was the result of the price decrease of several imported products.

We expect the month of August would be the start of the export growth cycle to year end. Hence, we could project a better commercial trade for the whole year largely owing to gradually

**Ngoc Chung**

+ 84 8 6299 2006 | Ext: 318

[ngoc.cb@vdsc.com.vn](mailto:ngoc.cb@vdsc.com.vn)

increasing demands from foreign markets in the final months of this year.

**Conservative sentiment spreads on today's session.**

Today's session recorded conflicting trading trend on two exchanges when VNIndex subsequently went down to 627.66 point, whereas HNIndex conquered milestone of 90. To be specific on HSX, despite attempt of mid-caps and pennies, blue-chips still definitely pull VNIndex down by 3 point with the decrease of 0.26%. In which, GAS, DHG, BVH hay KDC declined most steeply. Meanwhile, the stories of ceiling-rise pennies in recent sessions, such as HAI, PXS, PXT, AGF, FMC also made capital flow into this group more excited. Today, the liquidity on 2 exchanges got high value of VND 4,264 billion, lowering 13% as against that of last's session.

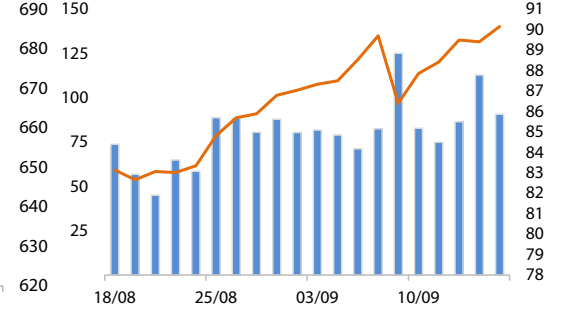
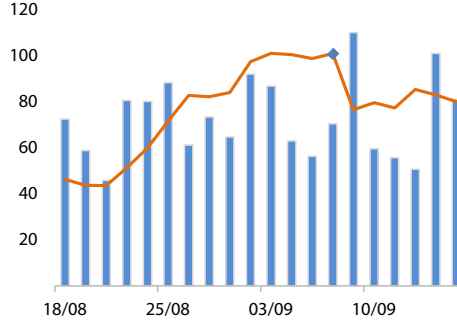
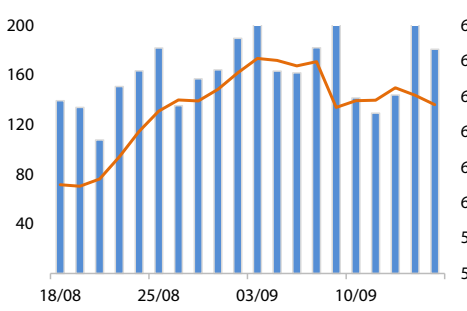
After a slight net-buying session, foreign investors returned to net selling today with VND 359 billion on 2 bourses. Since today is still on ETF's review week, tickers in portfolio of 2 funds were trading sharply. FLC and IJC were on top buying, valued respectively VND 13.7 billion and 6.7 billion. In contrast, VIC, GMD and PVS were sold considerably with VND 136 billion.

According to our calculation, market almost traded with prudent sentiment. Total proportion of trading value under reference price constituted 60%, while that of above was only 28%. This similar to trading status of some positively Gas & Oil tickers, such as PET, PXS, PVC, PVE, PVX, PGS, DPM. We suppose that investors should be prudent in trading decision with those in next sessions.

**VNINDEX** -0.43% **627.66**

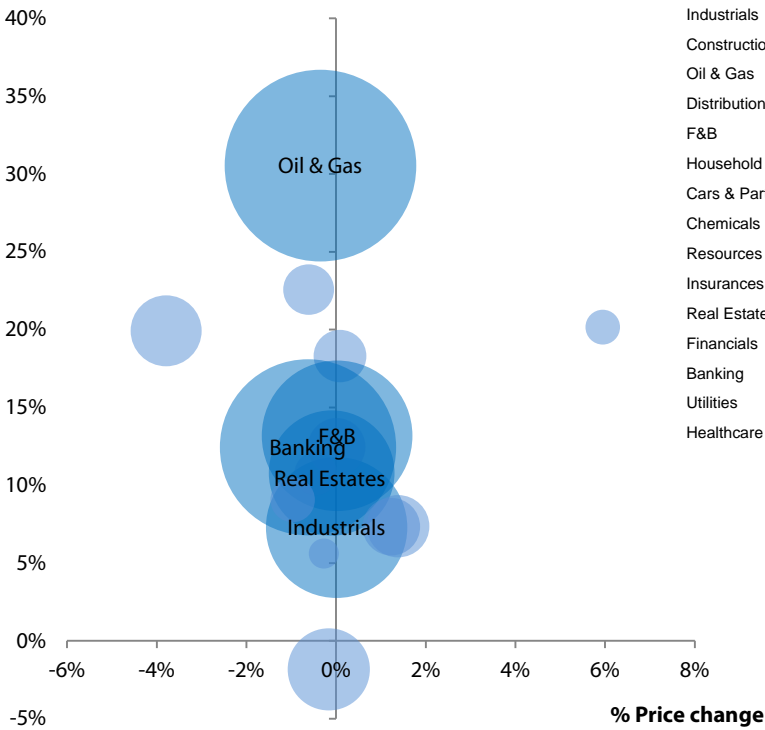
**VN30** -0.26% **666.66**

**HNXINDEX** 0.83% **90.15**

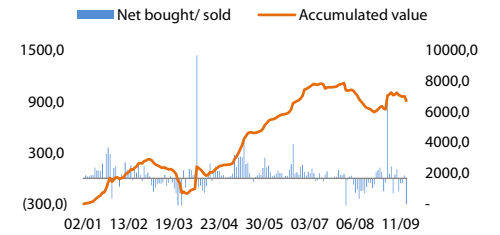


**Industry Movement**

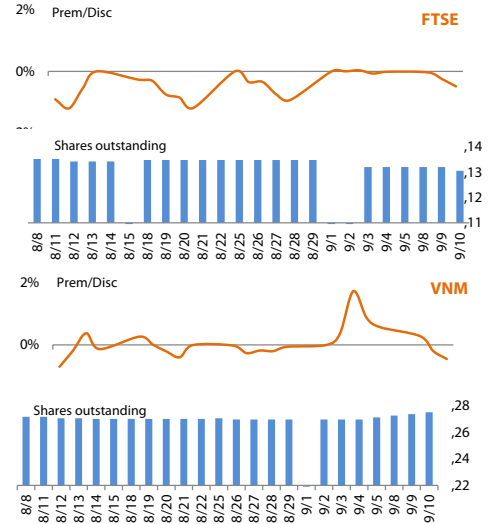
**Industry ROE**



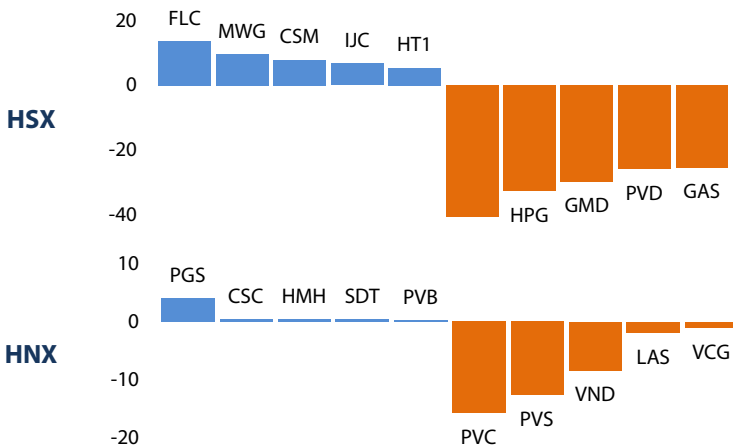
**Foreign Investors Trading**



**ETF**



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



**Top Active**

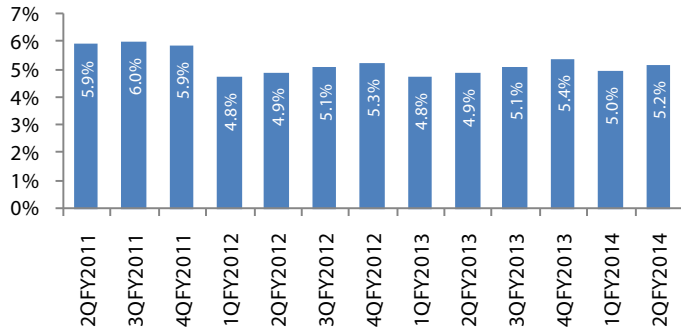
Ticker	Price	Volume	% price change
FLC	11.9	36.01	-3.3%
ITA	8.8	7.86	0.0%
HQC	8.1	6.76	2.5%
KBC	14.6	4.68	1.4%
PVT	19.6	4.61	6.5%

Ticker	Price	Volume	% price change
PVX	6.40	8.79	1.6%
FIT	16.50	5.69	10.0%
SHS	12.50	5.63	9.7%
SHB	9.30	5.17	1.1%
KLF	13.00	5.07	0.0%

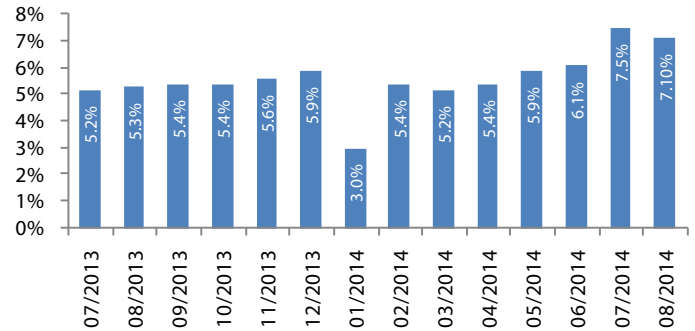
**MACRO WATCH**

**Graph 1: GDP Growth**



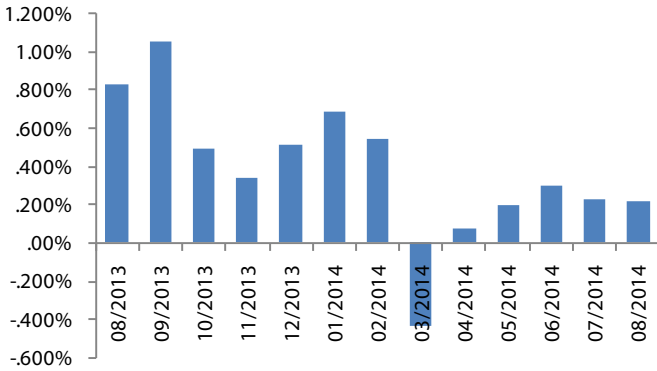
Sources: GSO. Rongviet Securities database  
(\* ) Comparision price in 1994

**Graph 2: IIP**



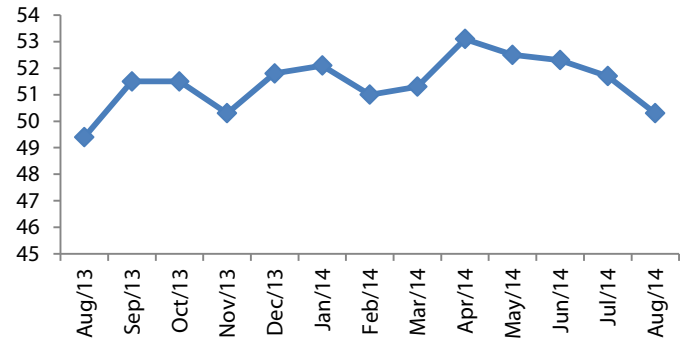
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



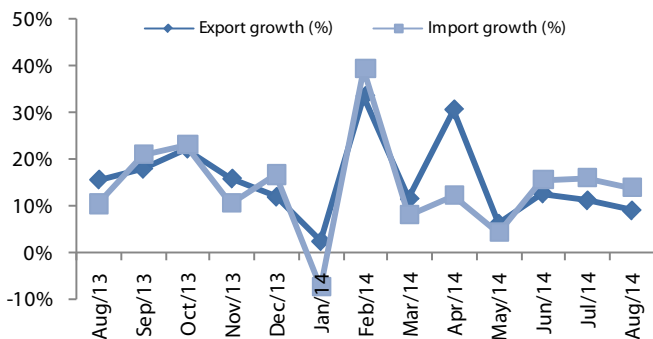
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



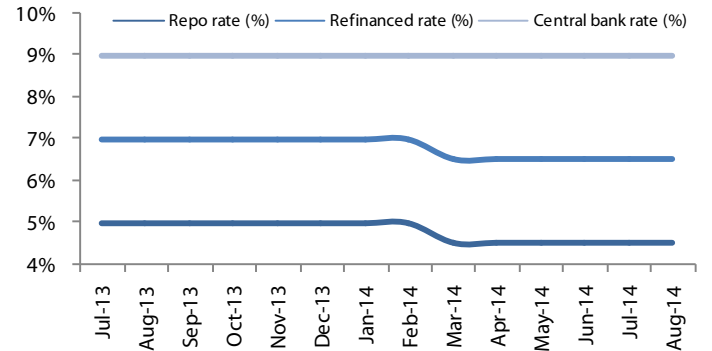
Sources: GSO. Rongviet Securities database

**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
REE - Solid ground s for sustainable growth	Sept 9 <sup>th</sup> , 2014	Neutral - Long term	29,700
HSG - The hard part has gradually done!	Aug 21 <sup>st</sup> , 2014	Accumulate – Intermediate term	48,100
HPG - On the way to dominate nationwide’ market shares	Aug 12 <sup>th</sup> , 2014	Accumulated – Intermediate-term	66,400
NBB - A new chapter with co-investment	Jul 31 <sup>st</sup> , 2014	Buy – Intermediate term	27,400
DBC- Benefit from decline in material price	May 27 <sup>th</sup> , 2014	Buy – Long-term	28,000

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	09/09/2014	0-0.75%	0-2.5%	11,476	11,440	0.31%
VF1	11/09/2014	0.20% - 1.00%	0.50%-1.50%	23,531	23,744	-0.90%
VF4	10/09/2014	0.20% - 1.00%	0.00%-1.50%	10,733	10,900	-1.53%
VFA	12/09/2014	0.20% - 1.00%	0.00%-1.50%	7,777	7,830	-0.67%
VFB	12/09/2014	0.30% - 0.60%	0.00%-1.00%	11,451	11,262	1.67%
ENF	05/09/2014	0.00% - 3.00%		10,740	10,703	0.35%

## ANALYSTS

### Truc Doan – Head of Research

+ 84 8 6299 2006 | Ext: 314

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

### Ngoc Chung

+ 84 8 6299 2006 | Ext: 318

[ngoc.cb@vdsc.com.vn](mailto:ngoc.cb@vdsc.com.vn)

### Lam Nguyen

+ 84 8 6299 2006 | Ext: 318

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

### Ha My Tran

+ 84 8 6299 2006 | Ext: 348

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

### Tai Nguyen

+ 84 8 6299 2006 | Ext: 315

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

### Diem My Tran

+ 84 8 6299 2006 | Ext: 344

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

### Trien Le

+ 84 8 6299 2006 | Ext: 339

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

### Tam Bui

+ 84 8 6299 2006 | Ext: 348

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

### Huong Nguyen

+ 84 8 6299 2006 | Ext: 317

[huong.nt@vdsc.com.vn](mailto:huong.nt@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



This report is prepared in order to provide information and analysis to clients of Rong Viet Securities only. It is and should not be construed as an offer to sell or a solicitation of an offer to purchase any securities. No consideration has been given to the investment objectives, financial situation or particular needs of any specific. The readers should be aware that Rong Viet Securities may have a conflict of interest that can compromise the objectivity this research. This research is to be viewed by investors only as a source of reference when making investments. Investors are to take full responsibility of their own decisions. VDSC shall not be liable for any loss, damages, cost or expense incurring or arising from the use or reliance, either full or partial, of the information in this publication.

The opinions expressed in this research report reflect only the analyst's personal views of the subject securities or matters; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or opinions expressed in the report.

The information herein is compiled by or arrived at Rong Viet Securities from sources believed to be reliable. We, however, do not guarantee its accuracy or completeness. Opinions, estimations and projections expressed in this report are deemed valid up to the date of publication of this report and can be subject to change without notice.

This research report is copyrighted by Rong Viet Securities. All rights reserved. Therefore, copy, reproduction, republish or redistribution by any person or party for any purpose is strictly prohibited without the written permission of VDSC.