

DECEMBER

23

TUESDAY

“Foreign investors kept the second net bought”

ADVISORY DIARY

- **TCM - temporary difficulty of fiber array does not affect the long-term prospects**
- **National CPI in December will still decrease**
- **Foreign investors kept the second net bought**

TCM - temporary difficulty of fiber array does not affect the long-term prospects

Thanh Cong Textile Garment Investment Trading JSC (TCM – HSX) is one of a notable stock, which is mentioned in our Advisory Diary frequently. Recognizing the volatility of the cotton prices and the probability to effect the operation of yarn businesses, our industry analyst had a discussion with TCM representative yesterday. According to TCM, the yarn segment had some difficulties in the last 2 months due to the significant drop of cotton price in China and India while TCM still hold a small amount of yarn inventory with higher price than current one.

The current price of cotton inventory is about USD68-70/pound, which is much higher than the current price of the futures market (~ USD60.85/pound). With this current price of inventory, the yarn cost of TCM is USD2.6-2.8/kg, which is approximate the yarn prices trading in China and India. Thus, revenues and the gross profit from yarn segment are expected to decrease considerably in the last 2 months of 2014.

However, those are just temporary constraints: (1) TCM can use all cotton inventory in 2 months (700 tons/month), (2) the cotton future purchase is not significant as previous and the company has limited to purchase in the future market in 4th quarter, (3) the gross margin of fiber segment is affected by fluctuation of cotton and fiber price; when the price becomes stable, the gross margin will return as usual (7-9%), (4) in long term, when the fiber segment loss is cover by cloth and garment segment, TCM will consider to narrow this segment to hedge risk in profit fluctuation.

In regarding to the new factory in Vinh Long, although it has been constructed since early 4Q2014, the project is delayed due to the investment procedure. Therefore, the unveiling day may be postponed to middle of 2015 instead of 01/2015 and the forecasted garment revenue growth in 2015 is adjusted to 11% from 20%. This decrease may be off-set partly by the additional capacity of dye segment thanks to the investment of 15 dye machines in November, which increases the fiber capacity by 30%. As mentioned in the Result updated report of TCM (15/10/2014), the fiber investment helps TCM to reach higher rank of value chain in garment manufacturing.

In general, impacts come from variation of cotton’s price and delay of Vinh Long Factory’s unveil on TCM business result were unremarkable. At close price today, TCM was trading with P/E forward 2014 at 9x. However, with prudent correction of TCM earning result next year, we expect P/E forward 2015 was only at 7.5x. That would also be an appealing price for the high-appreciated stock like TCM.

National CPI in December will still decrease

In December, gasoline price fell an average of 10-11 % compared to the latest fall; meanwhile gasoline price also was down by 3.8% relatively to November. As a result, some products’ price in CPI basket would also decrease with the largest fall belonging to Transport segment, Housing and utilities or indirectly in Travel and entertainment sector and other services sectors having high transport expense.

This opinion was partly reflected on December CPI of Hanoi & HCMC, just announced yesterday.

In line with the decline last month, CPI of Hanoi and HCMC dropped 0.23%, 0.36% as against that of November respectively. In particular, two segments of transportation and Housing & Utilities recorded an enormous fall due to above reasons. In contrast, because of high shopping demand for year-ending festivals, textile & garment, shoes and restaurant services increase gradually despite smaller than falling side. Depending on CPI of these cities, we suppose that national CPI will still be go down and whole year expected inflation will not be over 2.1%; the lowest since August 2009. According do decline of CPI in recent time, this ratio will no longer affect to market's sentiment.

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Foreign investors kept the second net bought

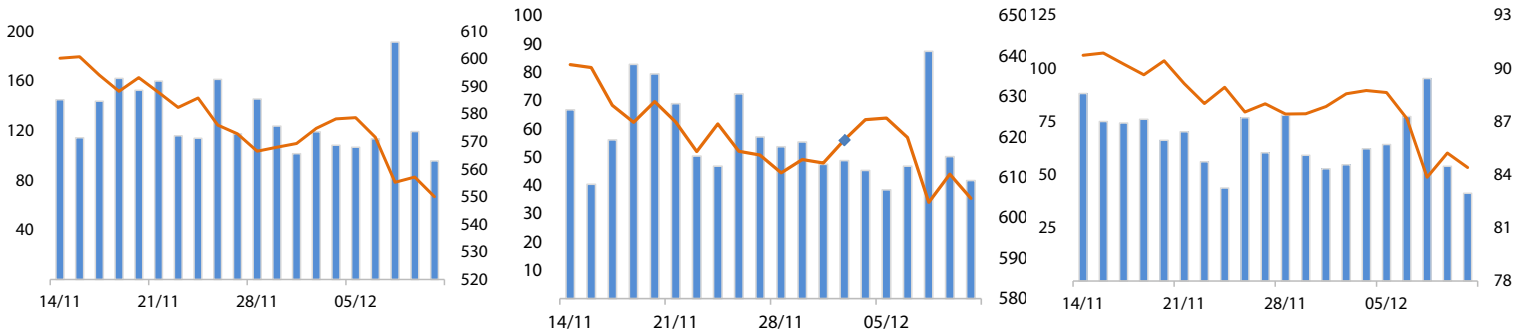
"Indices added but stocks dropped" session was reflected by blue-chips in today's trading session. By observing the movements of two main indices, we found that they almost fluctuated in a narrow range around the reference. The market traded slowly in the sessions and it seems that oversold volume remained lower than daily or if having high trading volume, the prices are unlikely attractive to buy. This demonstrates that after remaining higher trading volume last week, in recent sessions, market became less excited and this trend is expected to persist in the remaining days this year. Waiting for new opportunities is a suitable decision at this time.

Liquidity is a dominant case for this movement with a total trading value increasing slightly by 2.9% as compared to today's session but remaining at VND 1.803 billion, lowering than the average 6 -month level. In contrast with trading transaction, deal transaction recorded a high value in terms of blue-chips in recent two sessions. In yesterday's session, VIC accounted for 70% of value in both exchanges due to MSN, this figure increased by 82.5% in today's session.

Today saw the 3rd consecutive recoveries of oil price. However, this news had little impact on oil and gas stocks evidenced by the fact that no "P" tickers managed to turn green perhaps because of investors being bored of oil price related news; and it would take a while for these effects to have influences on financial fundamentals of industry corporations despite hiking investors' concern.

Foreign investors were net buyers today with value of VND 103.6 billion on both exchanges focusing on blue chips such as GAS, PVD, DPM, MSN, KDC, and VCB. This could be positive news as foreign investors started to net buy oil and gas related tickers such as GAS and PVD (which was sold sharply over the past month).

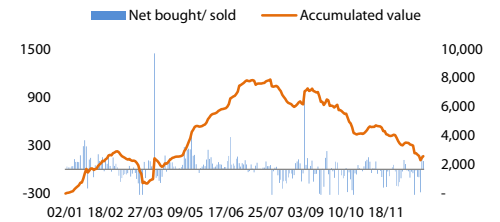
VNINDEX 0.06% 537.88 VN30 0.35% 589.61 HNXINDEX -0.16% 82.42



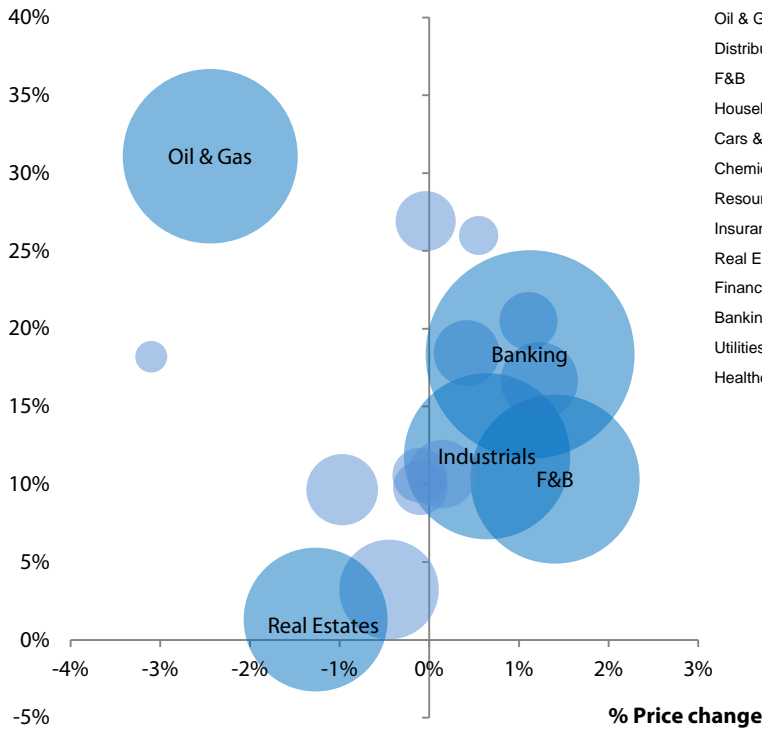
Industry Movement

Industry	% change
Technologies	1.1%
Industrials	0.6%
Constructions	-0.4%
Oil & Gas	-2.4%
Distribution	-3.1%
F&B	1.4%
Household Goods	-0.1%
Cars & Parts	0.6%
Chemicals	0.4%
Resources	0.0%
Insurances	1.2%
Real Estates	-1.3%
Financials	-1.0%
Banking	1.1%
Utilities	0.1%
Healthcare	-0.1%

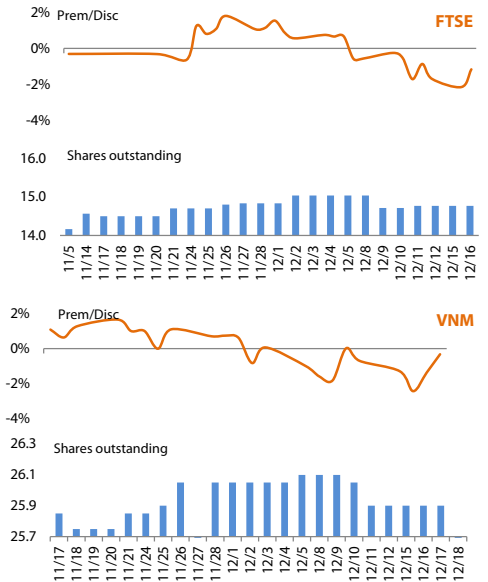
Foreign Investors Trading



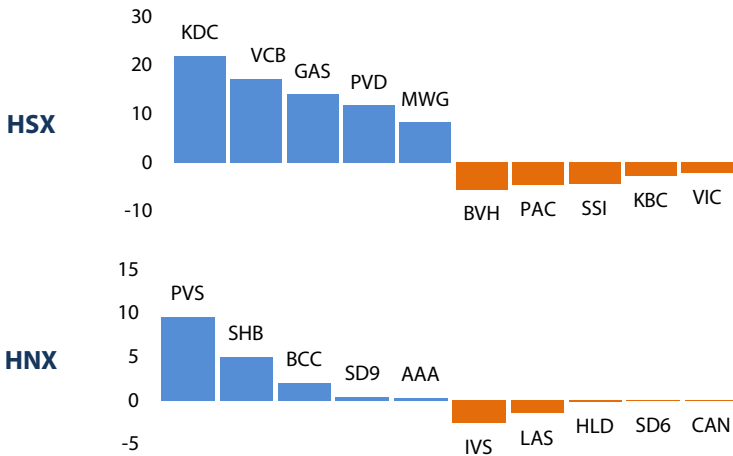
Industry ROE



ETF



Top net bought/sold by foreigners (VND bn)



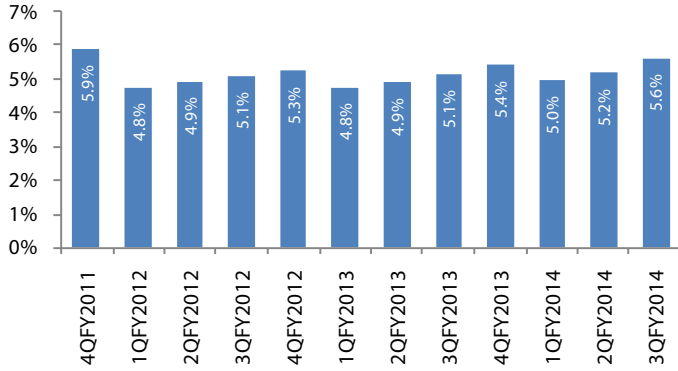
Top Active

Ticker	Price	Volume	% price change
OGC	7.2	10.61	-6.5%
FLC	10.2	7.68	-1.9%
ITA	7.7	3.35	-2.5%
SSI	27.0	3.06	-2.2%
IDI	10.6	2.47	3.9%

Ticker	Price	Volume	% price change
KLF	11.1	11.29	-5.9%
FIT	24.0	3.13	4.3%
SHB	8.3	2.61	1.2%
PVS	27.1	2.45	-1.1%
SCR	9.3	2.33	-2.1%

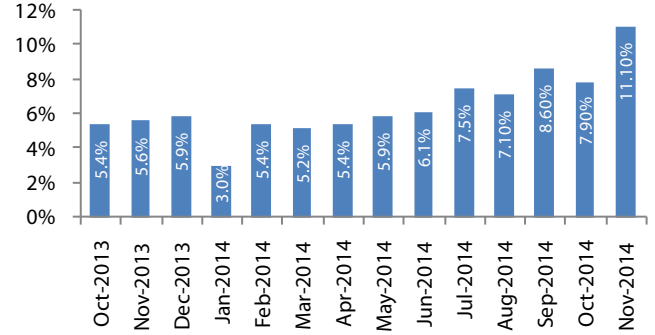
MACRO WATCH

Graph 1: GDP Growth



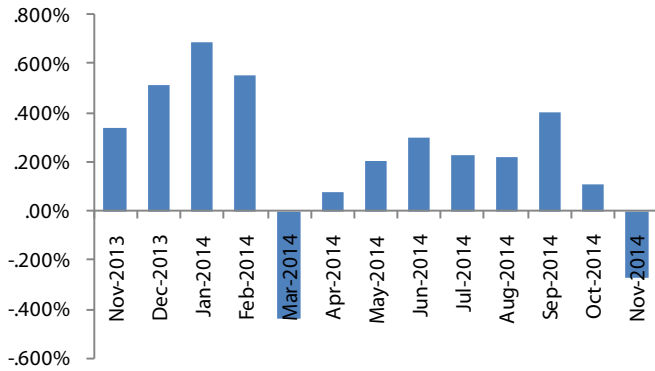
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



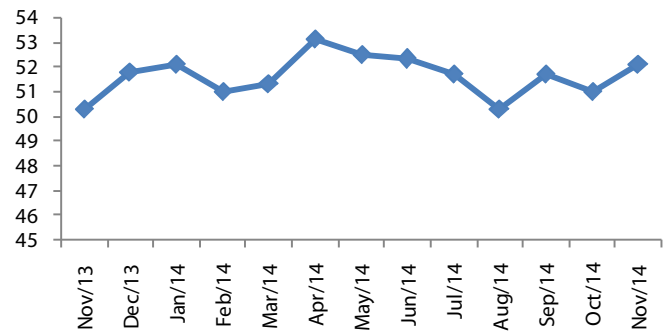
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



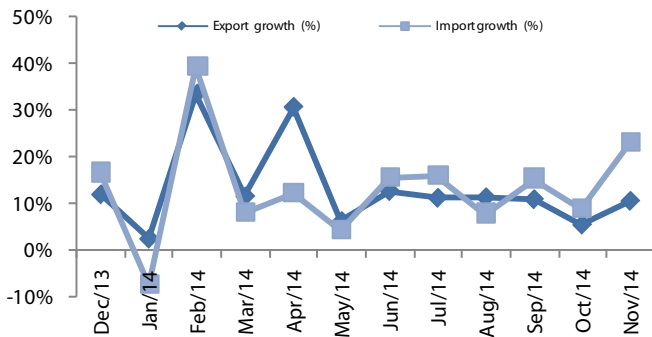
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



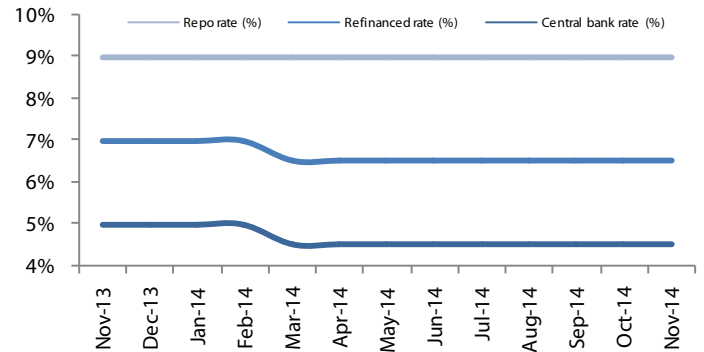
Sources: GSO. Rongviet Securities database

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
VNM - 2014 - At the pit stop	Dec 19 th , 2014	Accumulate – Long term	110,000
PCT – Restructuring	Dec 11 th , 2014	Monitor	
FPT - Growth driver expected from retails	Dec 3 rd , 2014	Accumulate – Long term	61,000
GDT - Still being on upward trend	Nov 27 th , 2014	Accumulate – Long term	41,300
PGS - 2015: A year of challenge	Nov 24 th , 2014	Neutral - Long term	37,800

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	16/12/2014	0%-0.75%	0%-2.5%	11,522	11,378	1.27%
VEOF	16/12/2014	0%-0.75%	0%-2.5%	9,775	9,800	-0.26%
VF1	19/12/2014	0.2% - 1%	0.5%-1.5%	20,134	19,727	2.06%
VF4	17/12/2014	0.2% - 1%	0%-1.5%	8,875	9,102	-2.50%
VFA	19/12/2014	0.2% - 1%	0%-1.5%	7,277	7,373	-1.30%
VFB	19/12/2014	0.3% - 0.6%	0%-1%	11,849	11,841	0.06 %
ENF	12/12/2014	0% - 3%	0%	10,651	10,889	-2.19%
MBVF	11/12/2014	1%	0%-1%	11,083	11,135	-0.47%
MBBF	10/12/2014	0%-0.5%	0%-1%	11,766	11,768	-0.02%

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