

OCTOBER

17

FRIDAY

*“Markets look set to shake off next week”*

**ADVISORY DIARY**

- **DBC: 3Q2014 Result Update**
- **Markets look set to shake off next week**
- **Weekly Technical View**

**DBC: 3Q2014 Result Update**

Recently, DBC has announced Q3/2014 business result. Particularly, revenue reached approximately 1,274 billion (+ 11% y.o.y), and PAT got to 30.8 billion (-22% yoy). In 9-month period, total revenue is at 3.684 billion, and PAT is 95 billion dong, fulfilling 45% of the 2014 plan. Therefore, this is, no doubt, not desirable outcome of DBC in the 9 months.

In accordance with animal feed business, raw material prices have recorded a sharp drop from the beginning of the year. Bloomberg Commodity Index of 22 consumer goods hit its lowest level in last 6 years (~487.7 points). It creates an advantage for companies in the animal feed industry as enhancing gross profit margin. A decline in material price, moreover, generated increasing competitions among industry, especially low prices in Chinese products. However, according to our research, the price of animal feed products has remained stable. Thus, discount policy has been applied by firms to enhance competitiveness. Accordingly, the Company's deduction has increased 16%y.o.y; so that the revenue of the DBC feed for 9 months increased 7% but profit margin remained at just over 16%.

In terms of animal feed industry, the Company has completed 64% of target plan, with a total value of 254,720 tons. DBC said that in early year, the ratio of livestock herbs had been lowered that caused a decrease in animal feed industry. However, the circumstance is expected to be changed in the remaining months of the year. Animal feed industry shows some positive outlook as pork price jumped 19% year-on-year. In addition, feeding industry has received incentives from Government when Ministry of Finance had approved a decision that VAT exemption of 5% will be omitted. Based on above factor, we suppose that DBC could reach 380,000 tons this year.

By 9M2014, gross margin of breeding and processing segments showed a big improvement with 4.45% in comparison with the level at -1.31% in the same previous year. However, DBC made known that earnings of husbandry and livestock breeding subsidies still recorded a loss of about VND19 billion. Real estate segment seems staying the same because of having no new information about the transfer of Den Do project. Therefore, listed segments had not many changes in the first nine months. In addition, relating to shareholder structures, SCIC has unveiled the divestment of 30% ownership at DBC. With above-mentioned changes, we hope there would have some positive signs in the near future.

As regards a forecast on performance result in the remaining months of the year, we believe that the Company has a long journey ahead in 4Q2014 due to a huge gap to initial target. Moreover, as compared to our forecast, it still remains a considerable difference. Thus we adjust the estimated profit in 2014 from VND219.1 billion to VND194 billion, equivalent to EPS of 3,095 VND per share. Target price, as a result, will be VND27.000 per share whereas the price is currently VND28.500 per share, along with a conclusion of “ACCUMULATED”.

**Market look set to shake off next week**

After a remarkable correction yesterday, investors' sentiment has yet recovered in today's session. A resistance range of 580 point was conquered in a few moments, accompanied by reluctant demand and constant bargaining. However, the trading was a little bit improved at the closed

time as ample volumes and profit takings alternatively arose. As a result, VNIndex rebound regardless of a considerable decline in some leading stocks such as GAS (-3%), PVD (-2.2%), MSN (-0.6%).

A tremendous decline this week has blown off 30.55 points of VNIndex (~4.4%) whereas average liquidity remained a volume of VND3,000 billion per session. A weak liquidity showed that profit taking has not been appeared. The most noticeable point is a net sold activity in foreigners. In “Bien Dong” event, the foreigners had maintained their net bought activity; in recently declined session, they showed a contrast activity as of net sold status with a total value of VND1.097 billion, concentrating on PVD, MSN, VIC. Thus, we concerned that it might put a notable impact on investors’ sentiment in recent sessions.

We believe the shake would continue in next week trading sessions. The indices can have some corrections to bring the stocks back to more attractive prices. In this situation, long-term investors should consider to invest in some good fundamental stocks whose have returned to attractive price area after the deep decline.

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**WEEKLY TECHNICAL VIEW**

**VN-Index**

VN-Index fell sharply, closed at 585.28 (-32.44 points or 5.25%). Trading volume decreased 25.3% with 603 million shares changed hands.

VN-Index went down strongly for the whole week on low volumes. The decrease of VN-Index stopped when it met the 200-day moving average. A spinning top candlestick also appeared here, suggests that the sellers are losing conviction and that a bottom may be forming. Traders should watch for a rebound to 600-602 area or a move lower to retest the 580 threshold again.

Looking at technical indicators, the MACD turned bearish when it cut down the signal line, while the RSI dropped to the oversold area at 30. Usually, the corrections end and then recover when RSI reduces to 30.

After a strong correction when VN-Index went down from 644 to 578, some signals show that a bottom may be forming at around 580. We are waiting for some other signals next week to assure that the correction has ended.



**HNX-Index**

HNX-Index lost 2.81 points (or 3.1%), closed at 87.64. Trading volume reduced to 343 million shares (-9.7%).

After failing to conquer the previous peak at around 91.5, HNX-Index fell to 86 area where it was supported by the 50-day moving average and the uptrend line support. A hammer candlestick also formed here. Those signals implied a trend reversal but we need more confirmations next week.

Looking at technical indicators, the MACD and the RSI look bearish.

HNX-Index fell sharply but still stay above its strong support and the intermediate uptrend remains valid.



**Recommendation:**

*The markets dropped sharply and then some good signals appeared at strong supports. Short-term investors may come back to the market while long-term investors continue to hold stocks longer for higher targets.*

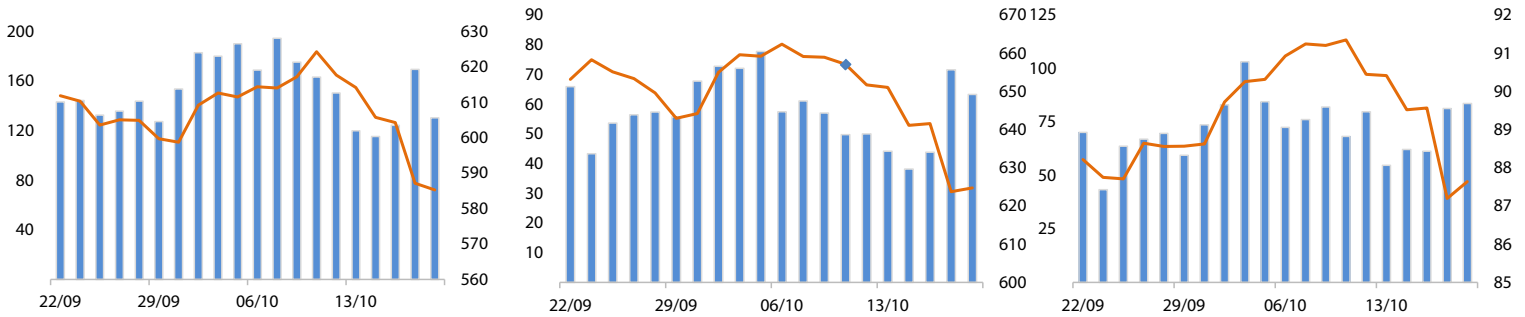
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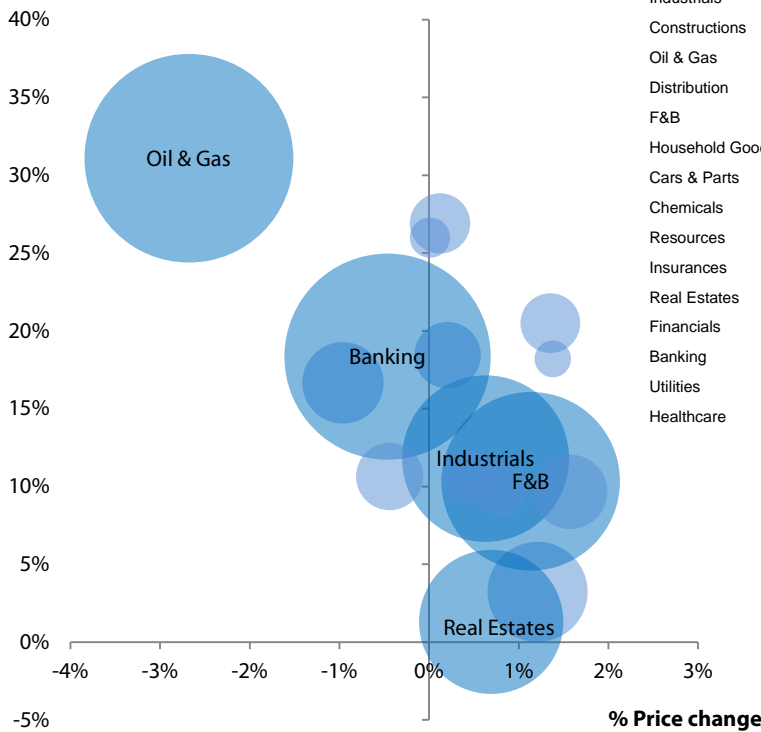


**VNINDEX -0.32% 585.28    VN30 0.16% 624.77    HNXINDEX 0.50% 87.64**



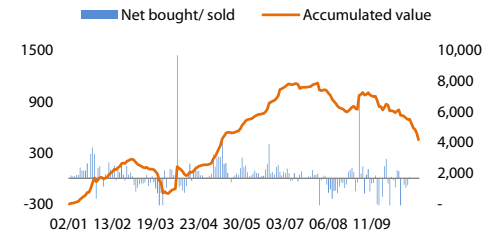
**Industry Movement**

**Industry ROE**

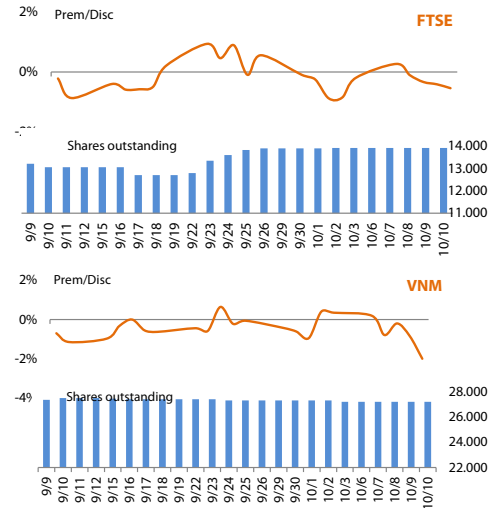


Industry	% change
Technologies	1.4%
Industrials	0.6%
Constructions	1.2%
Oil & Gas	-2.7%
Distribution	1.4%
F&B	1.1%
Household Goods	0.8%
Cars & Parts	0.0%
Chemicals	0.2%
Resources	0.1%
Insurances	-1.0%
Real Estates	0.7%
Financials	1.6%
Banking	-0.5%
Utilities	-0.4%
Healthcare	0.4%

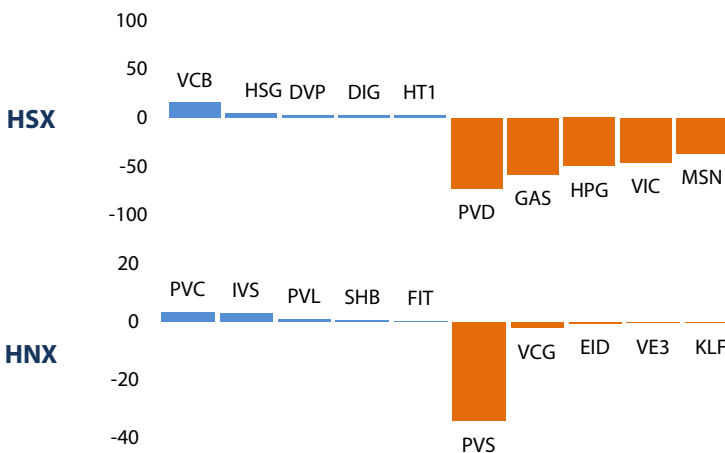
**Foreign Investors Trading**



**ETF**



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



**Top Active**

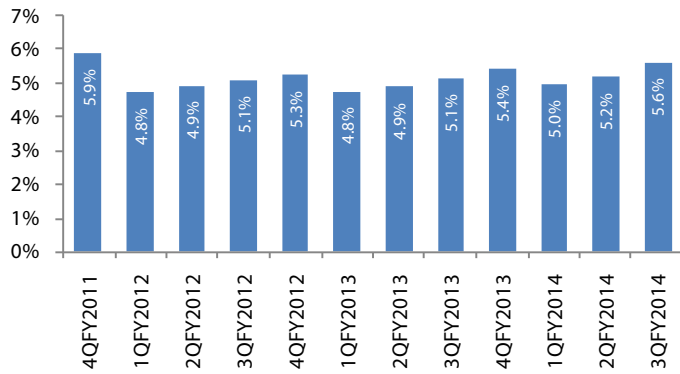
Ticker	Price	Volume	% price change
FLC	11.2	13.32	6.7%
ITA	8.6	6.91	2.4%
KBC	15.7	5.44	4.7%
SSI	29.1	5.43	1.7%
VHG	15.4	4.22	-1.3%

Ticker	Price	Volume	% price change
KLF	11.70	21.10	7.3%
PVX	6.10	10.97	3.4%
PVS	41.00	5.65	-2.2%
FIT	26.20	5.03	8.3%
SCR	9.90	4.70	3.1%

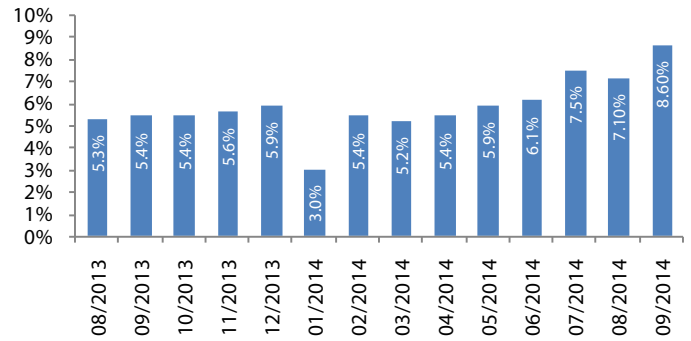
**MACRO WATCH**

**Graph 1: GDP Growth**



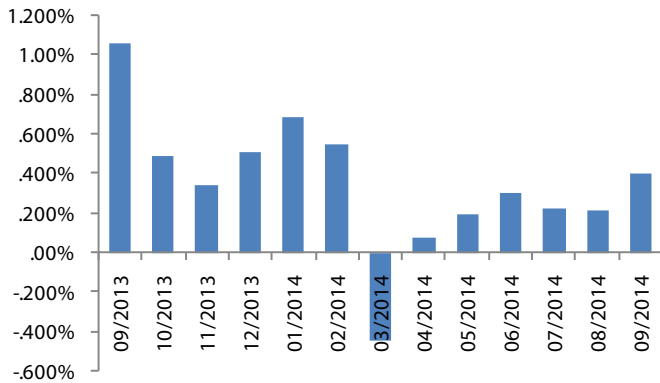
Sources: GSO. Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



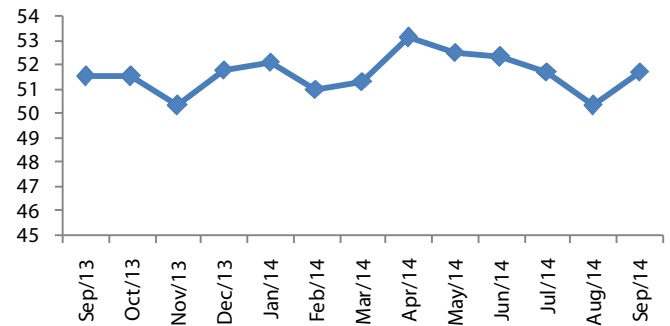
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



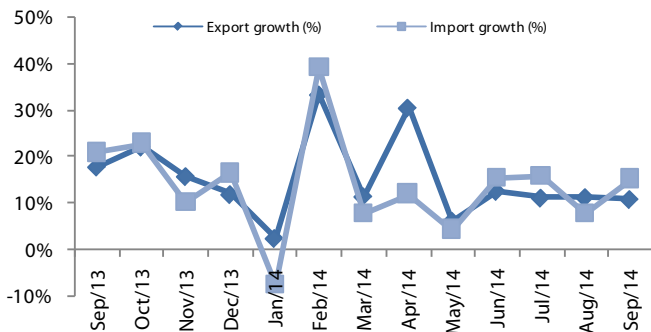
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



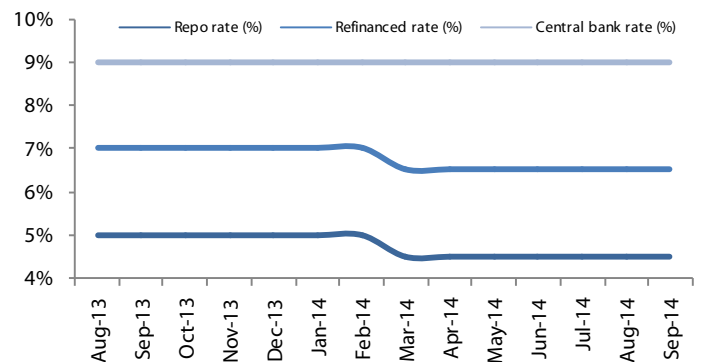
Sources: GSO. Rongviet Securities database

**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
DHC - Restructuring yielded juicy fruits	Sep 29 <sup>th</sup> , 2014	Buy – Intermediate term	25,200
DCL – Chances as bad debts to be solved	Sep 22 <sup>th</sup> , 2014	Neutral – Long term	37,000
PVD – Busy O&G exploitation brought warmth	Sep 17 <sup>th</sup> , 2014	Accumulate – Long term	122,00
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

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	07/10/2014	0-0.75%	0-2.5%	11,886	11,743	1.22%
VF1	10/10/2014	0.20% - 1.00%	0.50%-1.50%	23,855	23,728	0.53%
VF4	08/10/2014	0.20% - 1.00%	0.00%-1.50%	10,744	10,415	3.16%
VFA	10/10/2014	0.20% - 1.00%	0.00%-1.50%	7,787	7,767	0.26%
VFB	10/10/2014	0.30% - 0.60%	0.00%-1.00%	11,983	11,761	1.89%
ENF	03/10/2014	0.00% - 3.00%		11,094	10,763	3.08%

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