

*“Market differentiation: focusing on specific tickers”*

- **Market differentiation: focusing on specific tickers**
- **A strong growth in foreign credit has no remarkable concerns**
- **A brief review of the tenth Administrative Reviews (POR10)**

**Market differentiation: focusing on specific tickers**

Investors continued to pick up shares on growing confidence in not only leading stocks but also overall markets with 132 gainers. Midcap performed the best with a gain of 0.53%, the second was smallcap with an increase of 0.21%. On contrary to internal investors' sentiment, foreign investors continued to net sell the second days with net sold value about VND40 bn on HSX. The most sold shares by foreigners were HPG (~VND25 bn), MSN (~VND18 bn), VIC (~VND11 bn), MSN and VIC were also the top net sold of yesterday. We supposed that above shares are good investments in the recent past and this phenomenon could be considered simply as a portfolio restructuring of investors.

Although VN-Index considerably increased today, there was a differentiation of stock based on 2Q business results. That means the fundamental factors was still important to investors. Thus, we suggest it is better to consider particular stocks in order to identify appropriate strategies. Whereas short-term speculators could re-valuate stocks which reached the targeted returns, long-term investors should hold their stocks until the 2Q results published or continuously accumulate in “red” sessions.

**A strong growth in foreign credit has no remarkable concerns**

In the late afternoon yesterday, the State Bank of Viet Nam has announced the first-half-year review in finance system. Credit growth in the first six months was 3.52%, in which foreign credit rose of 12.03% but domestic credit increased only by 2.17%. Compared to the decrease of 9.4% in the first-half- year in 2013, foreign credit this year showed a remarkable rise. The main reasons are shown as following

(1) Under the context of stable exchange rate, the lending interest rate in foreign currency remains attractive compared with local currency. For instance, lending interest rate in USD is currently at 4-6% whereas lending interest rate in VND is ranging at 8-12%. With the current interest rates plus the adjusted maximum rate of 2% as SBV's commitment, it is clearly that the foreign currency loan is more profitable than local currency loan.

(2) The increase in export activity has boosted the foreign currency demand. In general, for the first 6 months of 2014, the country has gained trade surplus of USD1.3billion. Meanwhile, for the first 6 months of 2013, the trade balance deficit was approximately USD897 million and only improved in the following months of the year. With USD1.3 billion trade surplus in first half of the year, import and export activities have reflected positive signs.

(2) Exporting credit growth recorded at 10% in the first half year. In consequence, exporters have accelerated borrowing foreign loans. Moreover, a surplus trade balance also encourages exporters to prefer foreign loans than VND loans.

(3) The SBV has eased the management of foreign currency loans at commercial banks. Recently, according to Mrs Hong Nguyen - Director of Monetary Policy Department, the SBV has flexibly allowed banks to expand credit activity in foreign currency, therefore contributing to the general credit growth of the economy. This flexibility is applied mainly for businesses which having foreign currency sources and debt payment purpose.

Thus, above factors showed that accelerating foreign credit growth is real demand under circumstance of attractive foreign loan interest rate and a surplus trade balance. We believe that USD demand pressure does not seem big enough to impact on exchange rate volatility and exporters will have foreign income in order to pay debt at the maturity date. On the other hand, foreign currency reserve is standing at high (about USD 35 bn), the influence power of SBV on exchange rate has been enhancing than before.

According to our calculation, the foreign currency denominated credit was VND 500,000 bn, implying a relatively low portion of the total credit (14%). Therefore, in order to achieve the annual target (12-14%), the credit growth in VND is the main focus of SBV in last 6 months of 2014.

#### **A brief review of the tenth Administrative Reviews (POR10)**

Vietnam Association of Seafood entrepreneurs (VASEP) has announced brief review of the US Department of Commerce (DOC) in the tenth Administrative Reviews (POR10) regarding frozen pangasius fillets imported from Vietnam. Accordingly, antidumping duty imposed on exporting pangasius into USD market from Aug 2012 to Jul 2013 was between 0 and 2.39 USD/kg.

In this review, VHC was received a tax of 0%, similarly to POR9, meanwhile HVG group was imposed on a rate of 0.58 USD/kg, compared to 1.2 USD/kg in prior period. Although antidumping duty decreased in these companies but applied rates for other companies in Seafood industry rose dramatically, at 2.39 USD/kg to 2.11 USD/kg in POR9. As a result, there might have differentiations among the industry. However, the brief review usually shows huge gap to the official result. Thus, we expect tax rate in final results would decline moderately in the next October-November. We will keep track of and continue to update final result in next advisory diaries.

**Tam Bui**

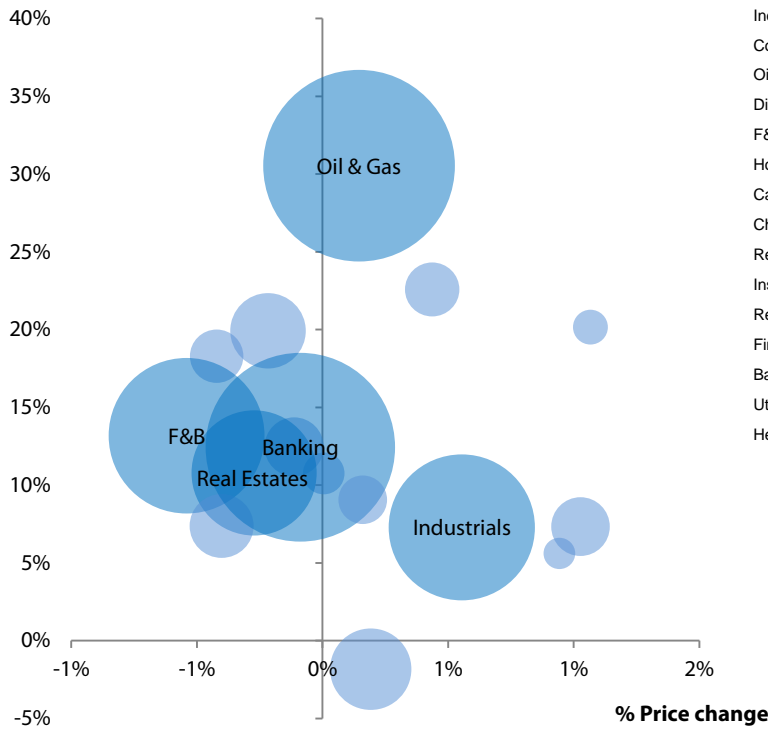
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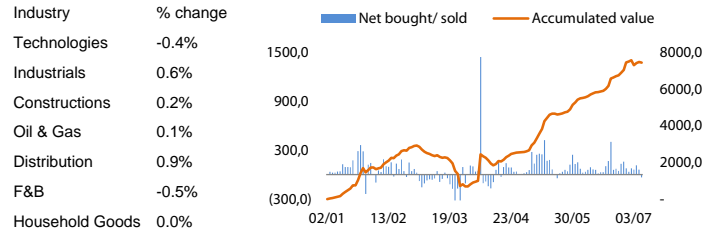


**Industry Movement**

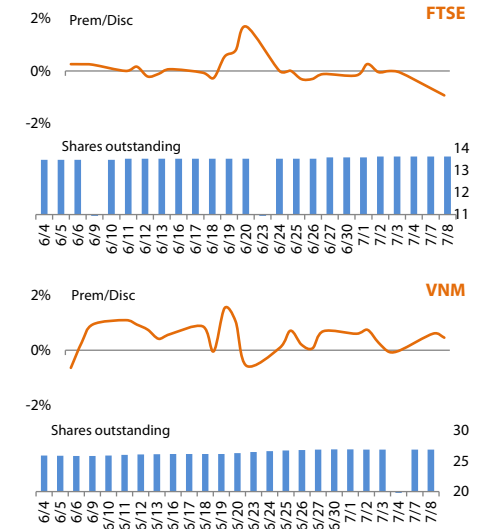
**Industry ROE**



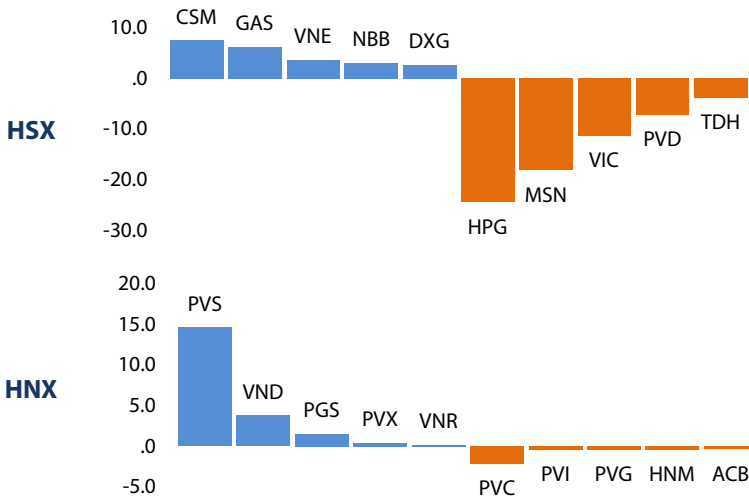
**Foreign Investors Trading**



**ETF**



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

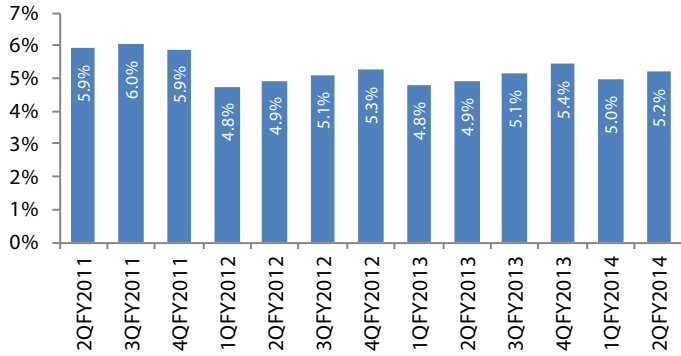


**Top Active**

| Ticker | Price | Volume | % price change |
|--------|-------|--------|----------------|
| FLC    | 13.00 | 10.92  | 1.6%           |
| ITA    | 8.50  | 8.42   | 0.0%           |
| AVF    | 5.50  | 3.08   | 3.8%           |
| MCG    | 7.30  | 2.80   | 2.8%           |
| VNE    | 7.30  | 2.71   | 2.8%           |
| PVX    | 4.70  | 13.35  | 3.8%           |
| SHN    | 5.10  | 4.97   | 7.1%           |
| SCR    | 9.30  | 4.68   | 0.7%           |
| KLF    | 11.80 | 4.03   | 0.4%           |
| PVC    | 20.30 | 3.53   | 4.0%           |

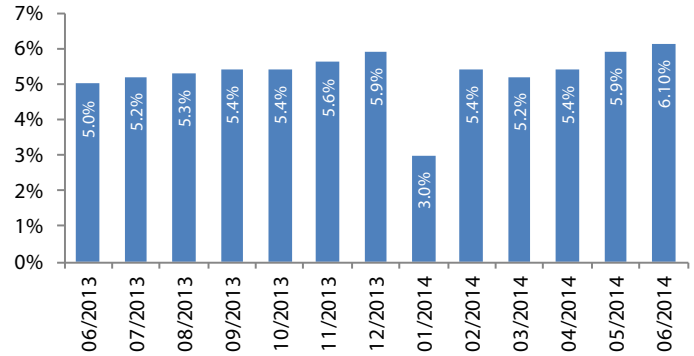
**MACRO WATCH**

**Graph 1: GDP Growth**



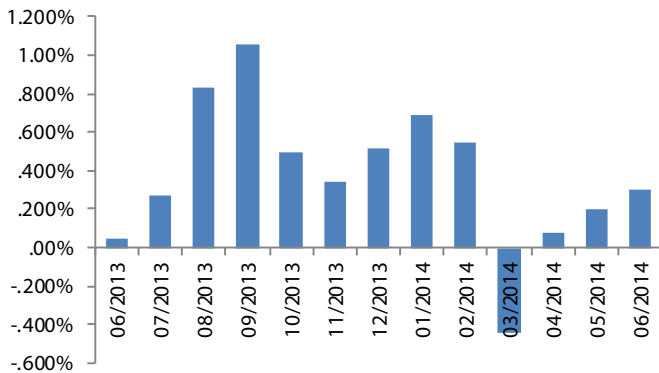
Sources: GSO, Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



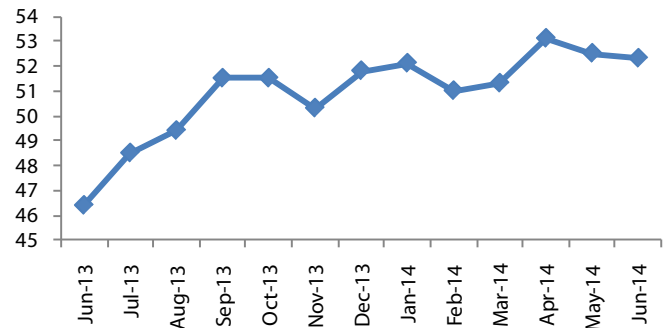
Sources: GSO, Rongviet Securities database

**Graph 3: Monthly CPI**



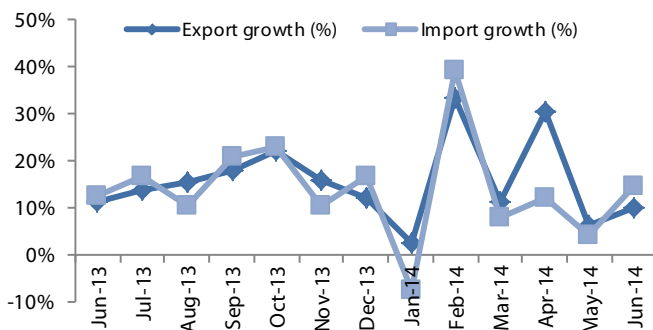
Sources: GSO, Rongviet Securities database

**Graph 4: HSBC - PMI**



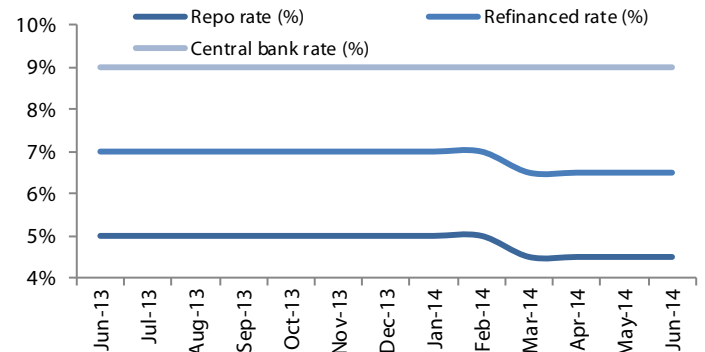
Sources: GSO, Rongviet Securities database

**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 |
|--|-------------------------------|---------------------------------|--------------|
| DBC-Benefit from decline in material price | May 27 <sup>th</sup> , 2014   | Buy – Long-term                 | 28,000       |
| FPT-Leaping revenue                        | May 27 <sup>th</sup> , 2014   | Accumulate – Intermediate-term  | 51,600       |
| NBB-Strengthened cash flows                | May 07 <sup>th</sup> , 2014   | Buy – Long-term                 | 36,300       |
| DIG-Reboot                                 | April 28 <sup>th</sup> , 2014 | Accumulated – Long-term         | 19,200       |
| HPG-Sustainable Development                | April 24 <sup>th</sup> , 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       | 01/07/2014  | 0.75%                                 | 0.75%                               | 10,881                         | 10,833                           | 0.44%         |
| VF1       | 03/07/2014  | 0.20% - 1.00%                         | 0.50%-1.50%                         | 21,377                         | 21,100                           | 0.60%         |
| VF4       | 02/07/2014  | 0.20% - 1.00%                         | 0.00%-1.50%                         | 9,704                          | 9,527                            | 1.86%         |
| VFA       | 04/07/2014  | 0.20% - 1.00%                         | 0.00%-1.50%                         | 7,411                          | 7,377                            | 0.47%         |
| VFB       | 04/07/2014  | 0.30% - 0.60%                         | 0.00%-1.00%                         | 10,853                         | 10,799                           | 0.50%         |
| ENF       | 27/06/2014  | 0.00% - 3.00%                         |                                     | 9,888                          | 9,785                            | 1.05%         |

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