

OCTOBER

28

TUESDAY

**ADVISORY DIARY**

- **The State bank of Vietnam cut a key interest rate – Is it too late?**
- **Market closed in “green”**

**The State bank of Vietnam cut a key interest rate – Is it too late?**

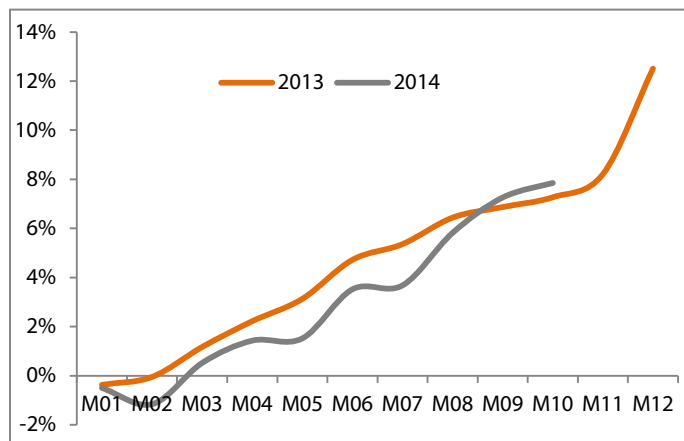
Today, SBV has announced that the State Bank of Vietnam’ dong deposit rate cap for terms between one month to less than six months will be lowered from 6% to 5.5%, except People’s credit funds and other financial institutions being able to cut the deposit rate cap at 6% per year. Meanwhile, a lending rate for VND is also adjusted down, from 8% to 7% per year. With regard to the press release on SBV’s monetary policy management, up to October 24<sup>th</sup> 2014, withdrawal for whole banking system grew by 11,88%; and, credit growth increased by only 7,85% compared to 2013.

RongViet’s research analyst believes SBV’s regulation on monetary policy is rather late in achieving the credit growth target for this year in the remaining two months. Meanwhile, many commercial banks have started to cut lending interest rate from 0.1-0.5% to stimulate credit growth since early August. Such proactive movement could be an explanation for the current situation when banks witnessed ample deposits and a slow credit growth. However, we believe that the SBV’s today activity in cutting interest rate could mean the overall statement for commercial banks to create a reasonable interest rate.

In 2013, the credit growth for the last three months was 7.3%, 8.2%, 12.51%, respectively. The figure for October increased by 7.85%, slightly higher than last year. Our macroeconomic analyst supposed that the credit growth might be on track to hit target.

*“Market closed in “green””*

Exhibit: Credit growth in 2013 and 2014



Source: SBV, RongViet research

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**Market closed in “green”**

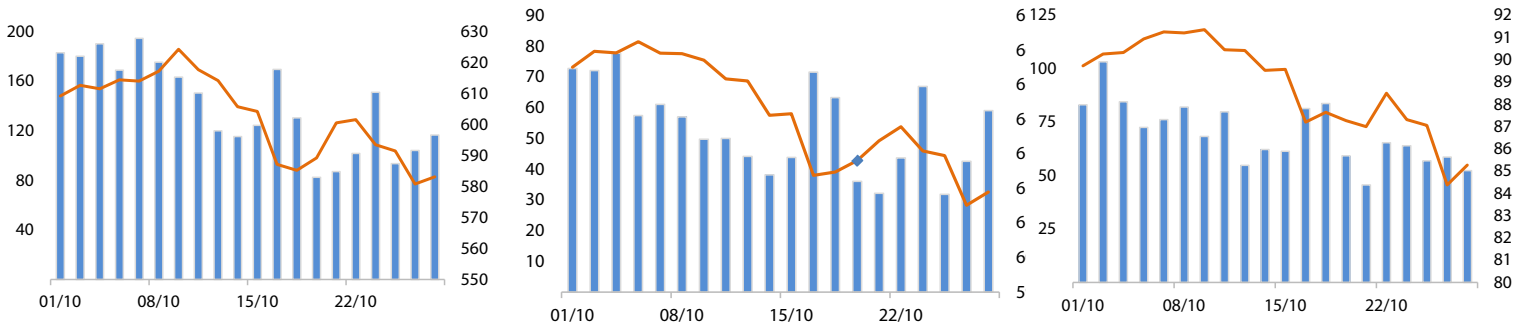
The state bank of Vietnam’s announcement in terms of decreased interest rate has relatively positive effect on investors’ sentiment in today’s session, with the color switched from red to green. However, as the same as previous trading sessions, the liquidity remained low with the trading value of VND 2,309 billion. Though the market breadth seems to be dominated by buy sides, cash inflow still remained low. It is shown that investors still hesitate to join in the market after recent drops. One of the most contributions to the slight recovery is a group of leading stocks coming from the VN30 such as PVD (1.7%), SSI (3.1%), DRC (0.9%), HPG (1.9%), HSG (2.4%). At the end of the section, VNIndex added 2.33 points, closed at 583.13 points. This increase is just

a small portion of the 20-point 3-day accumulated loss. Similarly, HNIIndex also closed in green, reaching at 85.27 points.

This week, two investment funds ETFs witnessed some fluctuations. According to our observation, in the previous week, capital withdrew significantly from two funds, among them, with 400,000 shares (~VND245 million) for FTSE and 500,000 shares (~VND224 million) for VNM. However, the impact of with capital withdrawal in these funds is unlikely to affect foreign investors' activities. It seems that there is another buying pressure offsetting with ETFs' withdrawal. In this week, according to our market analyst, FTSE is in premium about 1.01% therefore the ability of withdrawal is more likely low. Yesterday, the number of shares in VNM dropped by 100,000 shares (~VND 43.8 billion); meanwhile, this fund cut its discount (from 0.45%-0.35%), hence, we suppose that this fund is hardly to withdraw in upcoming days.

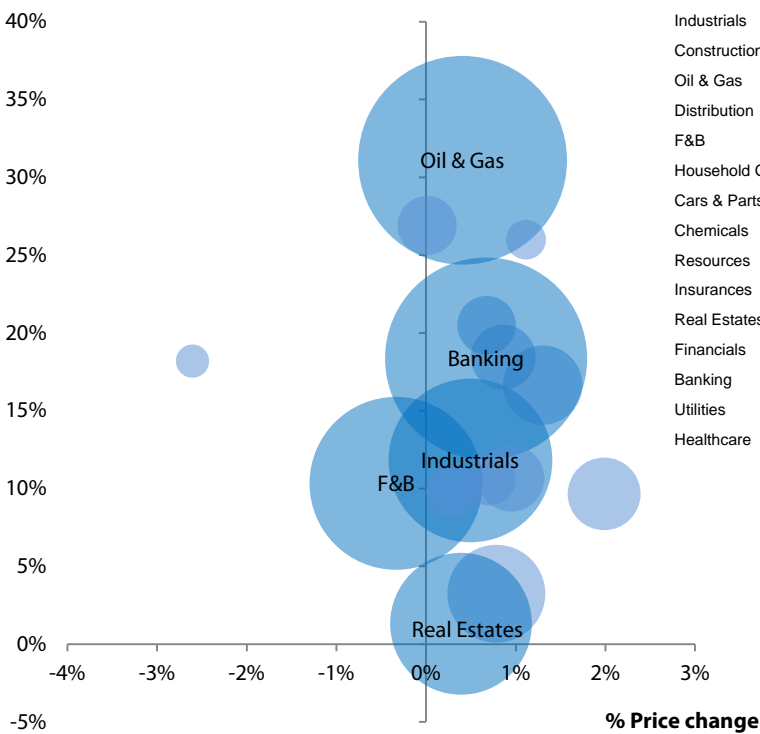
Investors are waiting for a result of Federal Open Market Committee (October 28th – October 29th) tomorrow. According a survey of Bloomberg, some economists supposed that FED will be tapering the asset purchase program with a worth of USD15 billion dollars but still remain the interest rate from 0% to 0.25%. Currently, foreign capital in Vietnamese market was currently stagnant therefore we supposed this would hardly affect immediately on Vietnam market. However, the action of Fed about the ability to raise interest rate is still an anxiety about the movement trend of foreign capital in the frontier market, such as Vietnam.

**VNINDEX 0.40% 583.13    VN30 0.62% 618.99    HNXINDEX 1.05% 85.27**



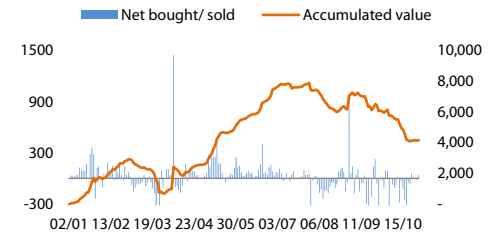
**Industry Movement**

**Industry ROE**

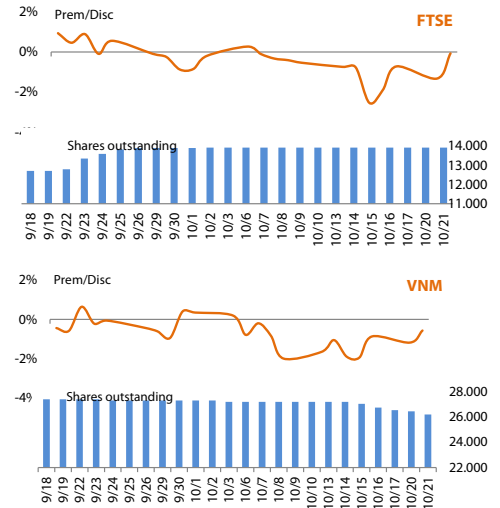


Industry	% change
Technologies	0.7%
Industrials	0.5%
Constructions	0.8%
Oil & Gas	0.4%
Distribution	-2.6%
F&B	-0.3%
Household Goods	0.3%
Cars & Parts	1.1%
Chemicals	0.9%
Resources	0.0%
Insurances	1.3%
Real Estates	0.4%
Financials	2.0%
Banking	0.7%
Utilities	0.9%
Healthcare	0.7%

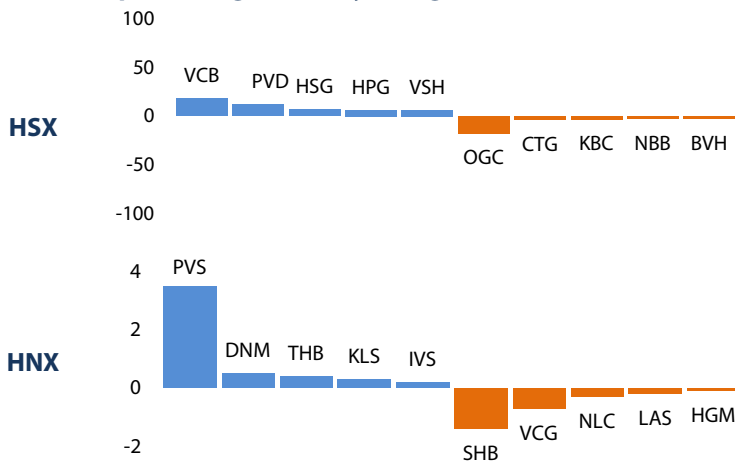
**Foreign Investors Trading**



**ETF**



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



**Top Active**

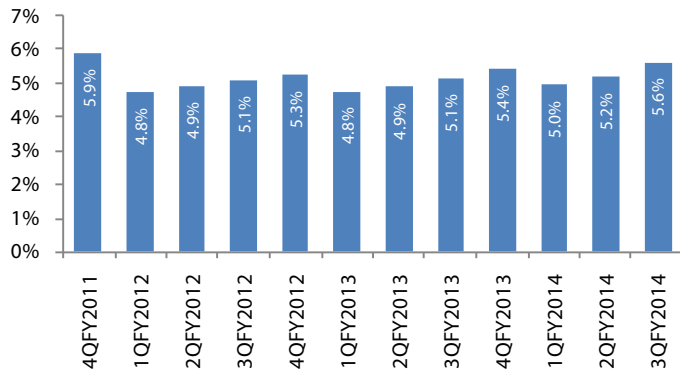
Ticker	Price	Volume	% price change
OGC	9.5	14.59	-6.9%
FLC	10.9	13.60	2.8%
VHG	13.7	8.93	-6.8%
SSI	29.6	6.93	3.1%
ITA	8.2	4.92	1.2%

Ticker	Price	Volume	% price change
KLF	10.90	6.85	0.9%
PVX	5.90	6.14	7.3%
SCR	9.50	2.99	2.2%
FIT	24.00	2.70	-1.2%
SHB	8.40	2.60	1.2%

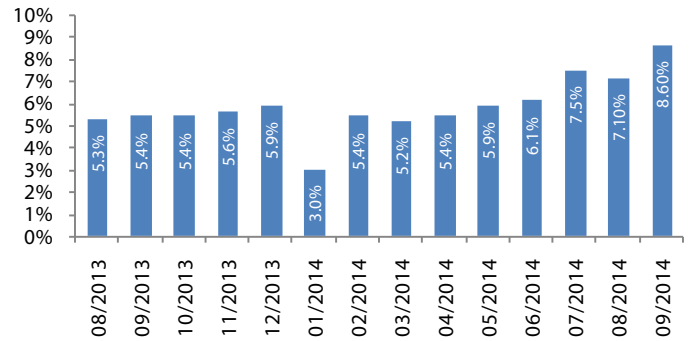
**MACRO WATCH**

**Graph 1: GDP Growth**



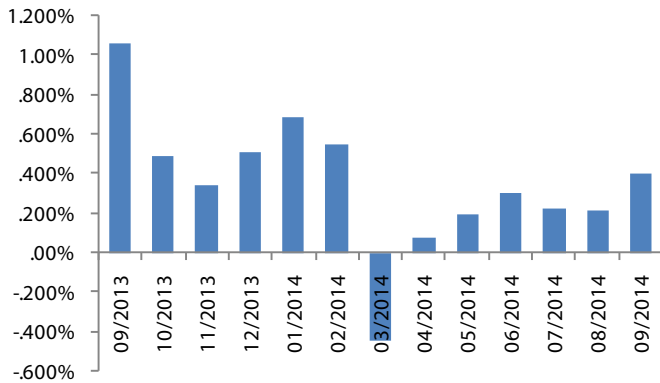
Sources: GSO. Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



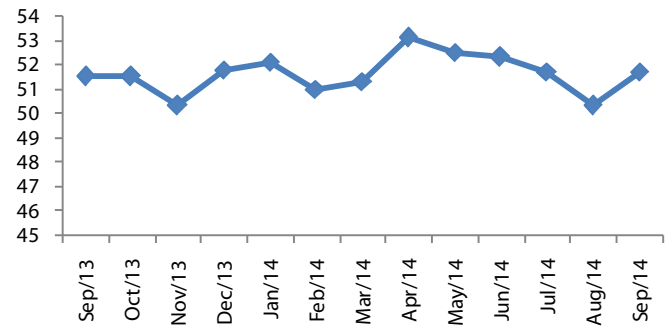
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



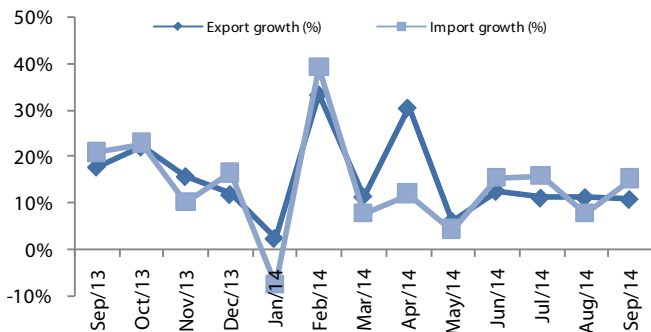
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



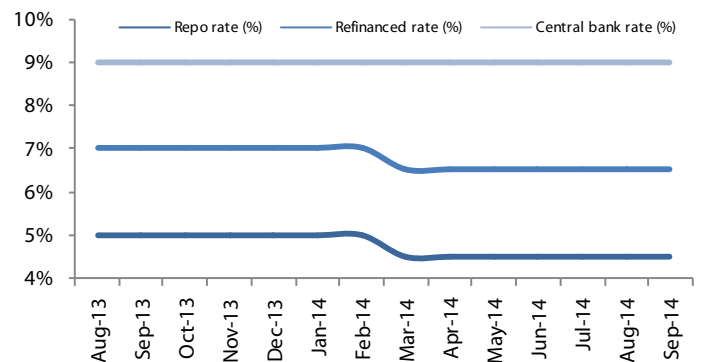
Sources: GSO. Rongviet Securities database

**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
SBA - Growth season ahead	Oct 24 <sup>th</sup> , 2014	Buy – Intermediate term	14,500
APC - Incremental demands for irradiation industry	Oct 23 <sup>rd</sup> , 2014	Buy – Intermediate term	22,000
TCM - Moving up the value chain	Oct 14 <sup>th</sup> , 2014	Accumulate – Long term	42,500
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

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	21/10/2014	0-0.75%	0-2.5%	11,829	11,859	-0.25%
VF1	24/10/2014	0.20% - 1.00%	0.50%-1.50%	22,611	22,908	-1.29%
VF4	22/10/2014	0.20% - 1.00%	0.00%-1.50%	10,274	10,475	-1.91%
VFA	24/10/2014	0.20% - 1.00%	0.00%-1.50%	7,560	7,509	0.68%
VFB	24/10/2014	0.30% - 0.60%	0.00%-1.00%	11,932	11,943	-0.10%
ENF	17/10/2014	0.00% - 3.00%		10,641	11,149	-4.56%

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