SEPTEMBER

09

WEDNESDAY

## ADVISORY DIARY

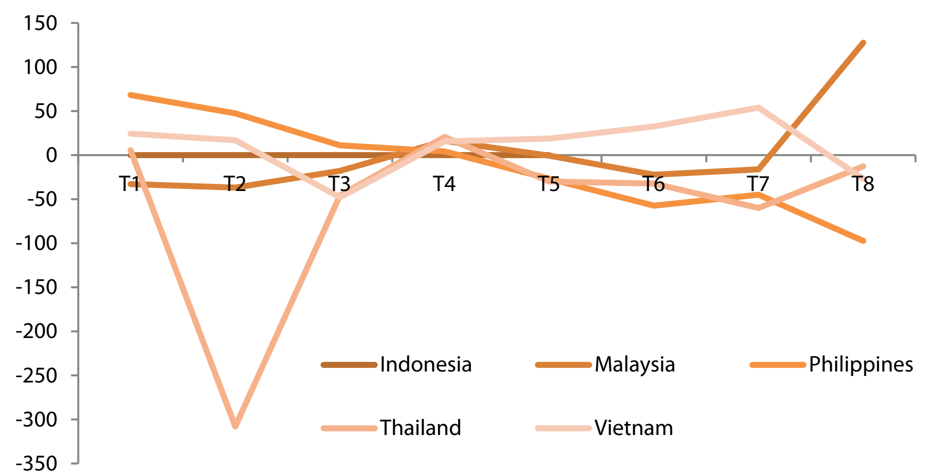
- **ETFs in emerging market (South East Asia region)**
- **FED hiking rates affected by slower growth of China's economy**
- **Stable market sentiment waits for upcoming main events in September**

**"ETFs in emerging market (South East Asia region)"**

### ETFs in emerging market (South East Asia region)

Continuing the foreign investor's AD series, Rongviet Research would like to deliver another perspective of this group on the market by ETF fund flow. The sample is the emerging market in ASEAN including: Indonesia, Malaysia, Philippines, Thailand and Vietnam.

**Figure: Net buying/ selling of ETFs in emerging markets (South East Asia region)**




*Source: Bloomberg, R*

According to the statistics, Vietnam is the only market that net buying from the ETFs worth USD 86 million ( ~0.16% of total market capital). The four others is net selling by USD 266 million for Indonesia, USD 210 million for Malaysia, USD 206 million for Thailand and USD 106 million for Philippines. Thus, Vietnam is still an attractive destination for foreign investors comparing to others.

**Table: Accumulated net buying/selling value from Jan – Aug 2015 of ETFs in emerging markets (South East Asia region)**

| | Accumulated net buying/selling value from Jan – Aug 2015 (billion USD) (1) | Market cap (billion USD) (2) | (1)/(2) |
|---|---|---|---|
| **Indonesia** | -266 | 306.913 | 0,09% |
| **Malaysia** | -210 | 310.820 | 0,07% |
| **Philippines** | -106 | 175.948 | 0,06% |
| **Thailand** | -206 | 363.664 | 0,06% |
| **Vietnam** | 86 | 54.985 | 0,16% |

*Source: Bloomberg, RongViet Research*

In Vietnam, Two ETF withdrew total fund value of 75 million USD in March and August. Looking back, we believe the ETF withdraw in action in March was chiefly due to FED rate hike concern. In constrast, the ETF action this time was caused by these combining effects of three issues (1) monetary move by the SBV in reaction to the neighbouring country FX development, (2) possibility of FED rate hike and (3) Circular 123/2015/TT-BTC on FOL lifting failed to satisfy

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investors. Regarding these aforementioned issues, FED rate hike concerns tend to catch the most of foreign investors attention, especially on these action of two ETFs. Thus, in September, the sooner and the more concrete action of FED regarding whether or not to raise the rate this month would determine foreign investors action in frontier and emerging markets for the rest of the year.

**FED hiking rates affected by slower growth of China's economy**

After PBoC's currency change, concerns due to FED hike interest rate at next FOMC's meeting in September are mainly on: (1) commodity plunge affecting FED's target inflation; (2) negative global economic prospect causing problem for US economic recovery. According to CMEGroup's survey, probability of FED's decision on lifting interest rate was 45% before PBoC's announcement but is currently 23.6%, with the probability calculated on data of futures contracts.

Investors gave hope on The August report released by the US Bureau of Labor Statistics could unveal some information relating to timing of FED raising interest rate. However, the mixed signals from the jobs report did not give a clear view on the ability that the rate could be increased. Specifically, total nonfarm payroll employment increased by 173,000 in August, which was lower than the forecast of 220,000 jobs and was the lowest growth rate in five months. However, the US unemployment rate decreaded to 5.1%, its lowest level since April, 2008. Moreover, the US's core inflation as counted to July 2015 remained low at 1.2%, below the Fed's 2% target.

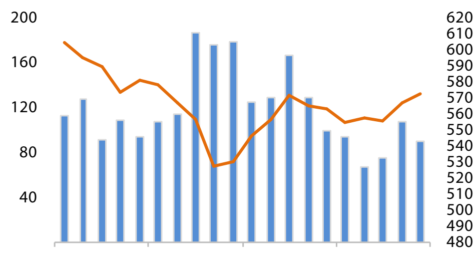
There are currently three scenarios due to Fed hike interest rate: (1) the Fed will raise interest rates with a modest increase in September, 2015; (2) Fed will wait until releasing Q32015 US GDP growth and might hike interest rate in December, 2015; (3) Fed will raise interest rates next year. Our macro analyst suppose that if 1st scenario happen, it seems that US economy will unlikely recover as expectation for supporting of FED hike interest rate. Hence, many ETF funds and foreign investors will reallocate their fund flow that recently withdrawing from emerging and frontier markets.

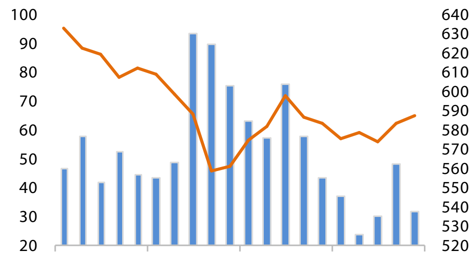
**Stable market sentiment waits for upcoming main events in September**

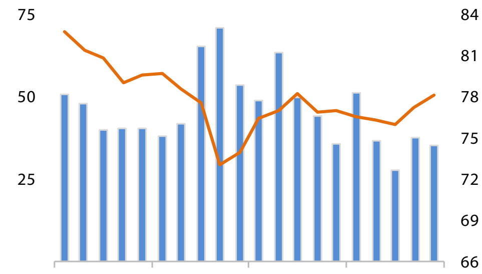
Leaders were still Banking and Oil & Gas stocks. Keyed players in Banking group continued moving up such as VCB (+3.05%), BID (+1.55%) and CTG (+0.5%). Oil & Gas stocks recorded positive upside of PVD (+1.45%), GAS (+1.3%) and PXS (+3.92%). Trading volumes slightly fell back to record a total 124.75 million shares, equal to VND1,949 billion in value. Foreigners were net buyers today in HCM to the tune of VND78 billion (highest since beginning of September). VCB was on the top buying list with the successful trading value of VND32.3 billion. On HNX, foreigners remained net buying, but at a modest value of VND1 billion. VNIndex closed at 572.34 pts (+5.62 pts) while HNIndex closed at 78.16 pts (+0.91 pt).

Currently, there is not enough significant information to call for a surge of capital inflows. Banking and Oil & Gas stocks might be stories for upcoming sessions. Being well-prepared (sufficient cash and information) to discover leaders, which can withstand in market corrections (might happen after some more sessions, especially when Banking group needs to "take some rest") to enter the market.

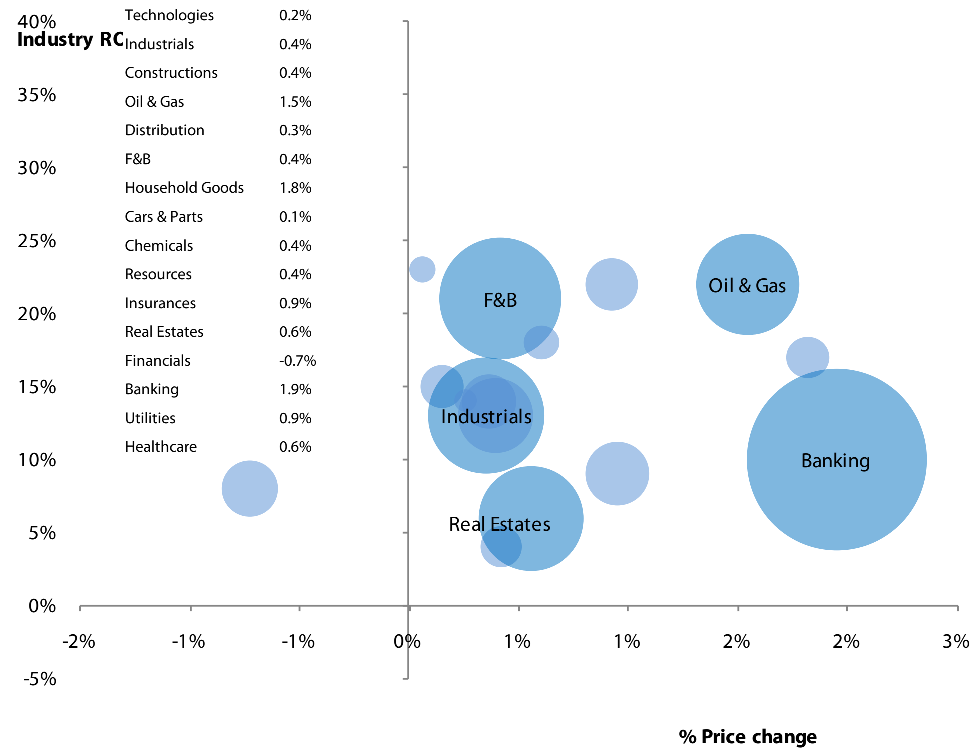
| VNINDEX | 0.99% | 572.34 | VN30 | 0.74% | 587.69 | HNXINDEX | 1.16% | 78.16 |
|---|---|---|---|---|---|---|---|---|



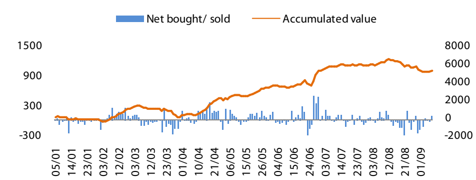




## Industry Movement

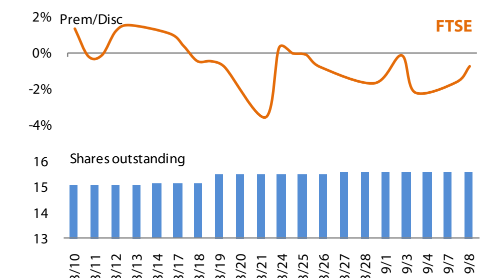


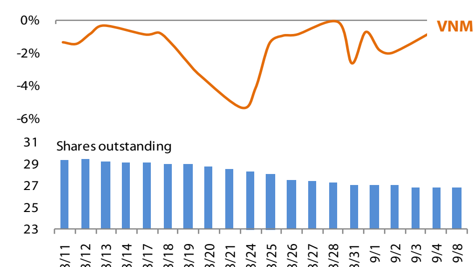

| Industry | % change |
|---|---|
| Technologies | 0.2% |
| Industrials | 0.4% |
| Constructions | 0.4% |
| Oil & Gas | 1.5% |
| Distribution | 0.3% |
| F&B | 0.4% |
| Household Goods | 1.8% |
| Cars & Parts | 0.1% |
| Chemicals | 0.4% |
| Resources | 0.4% |
| Insurances | 0.9% |
| Real Estates | 0.6% |
| Financials | -0.7% |
| Banking | 1.9% |
| Utilities | 0.9% |
| Healthcare | 0.6% |

## Foreign Investors Trading



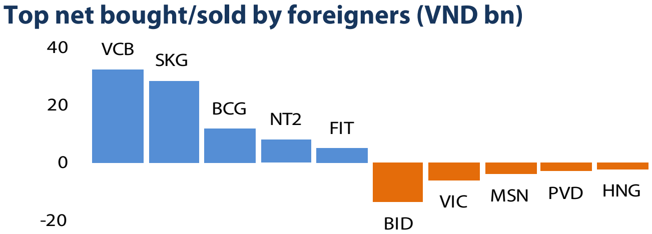

## ETF



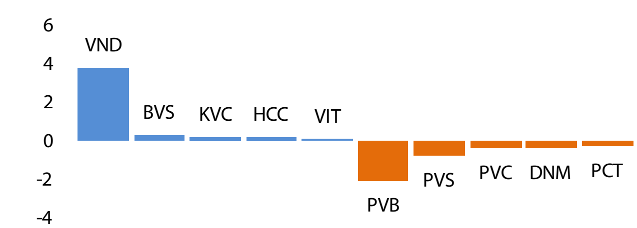




## Top net bought/sold by foreigners (VND bn)

**HSX**




**HNX**



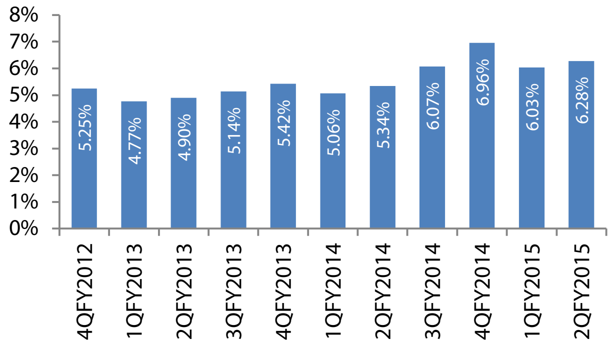

## Top Active

| Ticker | Price | Volume | % price change |
|---|---|---|---|
| PDR | 16.0 | 0.04 | 0.0% |
| FLC | 6.6 | 0.04 | -1.5% |
| HAI | 6.0 | 0.04 | 1.7% |
| BID | 25.8 | 0.03 | 1.6% |
| BGM | 3.4 | 0.03 | 0.0% |

| Ticker | Price | Volume | % price change |
|---|---|---|---|
| TIG | 11.5 | 0.38 | 3.6% |
| CEO | 16.3 | 0.26 | 3.8% |
| KLF | 4.5 | 0.22 | -4.3% |
| PVX | 3.1 | 0.15 | -3.1% |
| NHA | 15.2 | 0.15 | 9.4% |

# MACRO WATCH

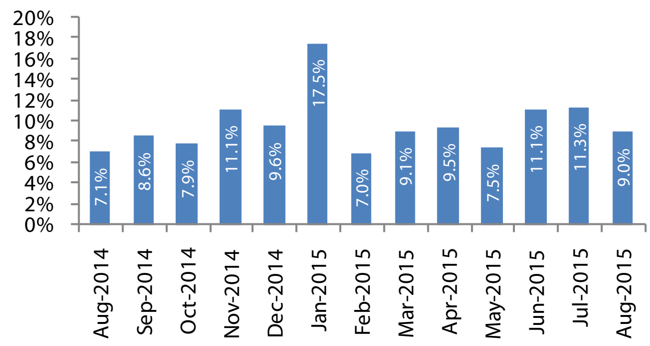
### Graph 1: GDP Growth




*Sources: GSO. Rongviet Securities database*

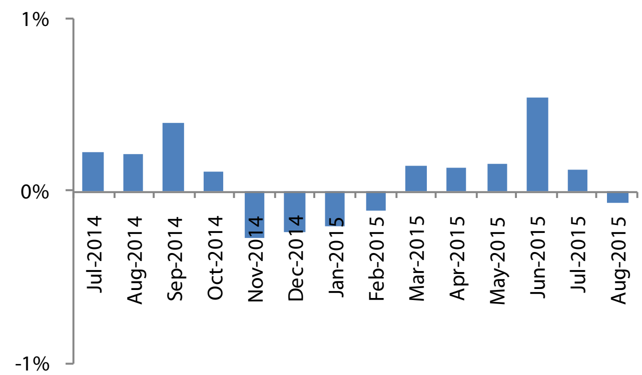
*(*) Comparision price in 1994*

### Graph 2: IIP



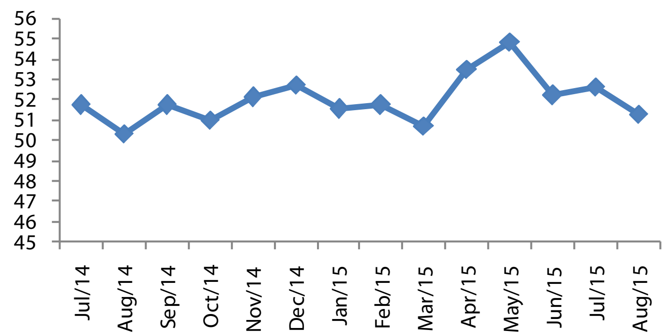

*Sources: GSO. Rongviet Securities database*

### Graph 3: Monthly CPI



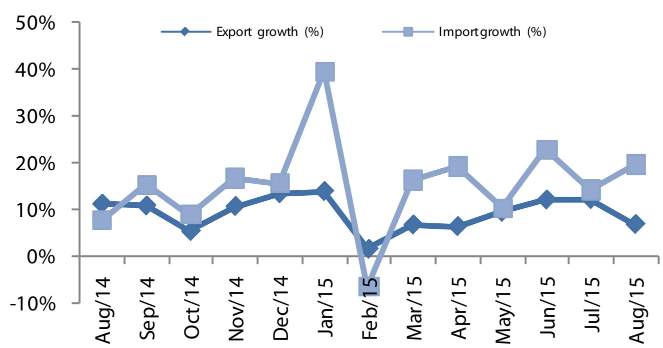

*Sources: GSO. Rongviet Securities database*

### Graph 4: HSBC - PMI



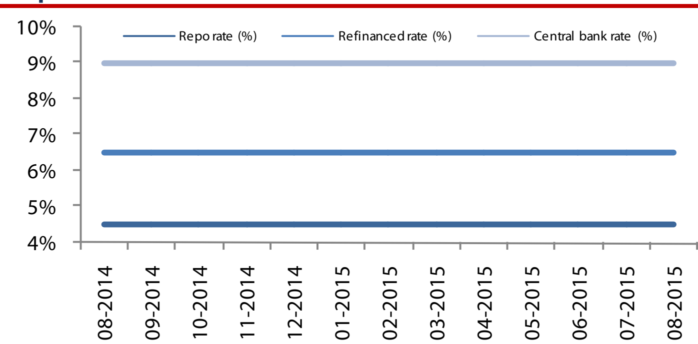

*Sources: GSO. Rongviet Securities database*

### 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 |
|---|---|---|---|
| PXS - Invest to strengthen construction capacity | Sept, 4th 2015 | Accumulate - Intermediate | 17,000 |
| SHP - Positive over long-term | Sept, 3rd 2015 | Accumulate - Intermediate | 20,800 |
| PET - Tracking the progress of Thanh Da land plot transfer | Aug, 20th 2015 | Stable | N/a |
| VNC - Embrace the new wave of international commerce | Aug, 14th 2015 | Neutral – Long term | 28,900 |
| MAC – Bigger Propellers, further waters | Aug, 7th 2015 | Buy – Long term | 17,600 |

*Please find more information at http://www.vdsc.com.vn/en/companyReport.rv?categoryId=302*

## 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 | 01/09/2015 | 0% - 0.75% | 0% - 2.5% | 11,861 | 11,797 | 0.54% |
| VEOF | 01/09/2015 | 0% - 0.75% | 0% - 2.5% | 9,874 | 9,464 | 4.33% |
| VF1 | 04/09/2015 | 0.2% - 1% | 0.5%-1.5% | 22,009 | 22,314 | -1.36% |
| VF4 | 04/09/2015 | 0.2% - 1% | 0%-1.5% | 9,806 | 9,626 | -1.21% |
| VFA | 04/09/2015 | 0.2% - 1% | 0%-1.5% | 7,032 | 7,130 | -1.37% |
| VFB | 04/09/2015 | 0.3% - 0.6% | 0%-1% | 12,303 | 12,293 | 0.08% |
| ENF | 27/08/2015 | 0% - 3% | 0% | 11,297 | 11,518 | -1.92% |
| MBVF | 27/08/2015 | 1% | 0%-1% | 10,364 | 10,514 | -1.43% |
| MBBF | 26/08/2015 | 0%-0.5% | 0%-1% | 12,304 | 12,262 | 0.34% |

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