NOVEMBER

21

MONDAY

6 PM CALL

Market today: Swing Trading is Not Recommended at the Moment

*(**Thien Bui** - Ext: 1321)*

Fluctuations remained sideways in both indexes during today's trading session. Although both indexes closed slightly higher, the increase was unclear on a large scale. The market breadth was fairly neutral, although there seemed to be more decliners. Liquidity continued to drop by approximately 10% compared to the previous session. A total of 130.91 million shares, equivalent to VND 2,359.26 billion, were traded successfully. **ACV** was the most attractive stock and it reached the ceiling price of VND 35,000 per share on the first trading day on the Upcom. Its matching volume at the ceiling price reached 549,000 shares, while 2 million shares worth of buy orders were unmatched. Besides this, stocks in the **steel industry** such as HPG, HSG, and TLH continued to attract cash flow. **Banking stocks** such as BID, CTG, and VCB consecutively increased during both trading sessions which steadily supported the index. **Natural rubber stocks** including HNG, DPR, and PHR continued to contribute to the index's uptrend amid the continued increase of rubber prices. Finally, **VNM** also rose during the day of the roadshow, introducing the opportunity to buy 9% from SCIC's divestment.

Foreigners continued to net sell on both bourses. Some gainers mentioned above were among the most sold stocks of foreign investors, such as VNM (-VND60.7 billion), HPG (-VND34.9 billion), and PHR (-VND16.7 billion). The total net selling value was VND121 billion in the HSX and VND17 billion in the HNX. The high possibility that the FED will hike rates in December and seasonality of increasing imports have been driving the USD to a higher level recently. Pressure of VND depreciation could negatively affect foreigners' activities for the rest of this year.

The following are major factors that could hinder the VN Index from moving higher (1) *Divergences between different sectors, **(2)** bluechips moving sideways, **(3)** concerns of FX adjustment **(4)** concerns of foreign investors net selling.*

"Swing Trading is Not Recommended at the Moment"

*Moreover, we don't see clear or strong supportive information at this moment. Therefore, there is a high chance that the VNIndex will continue to stay around 675 pts +/- and liquidity will remain low (around 150 million shares/day). **Therefore, we do not recommend investors to go for swing trading as it might not be effective at present**. On the other hand, we see 670 pts as a proven support level for the VNIndex. The end of the financial year is approaching and listed companies will begin to announce earnings, which will take place in the first 3 months of every year. Moreover, investors should take notice of the "January effect", which has been occurring in Vietnam's stock market for 6 years (see chart below). **Investors should start to search for high quality stocks and plan to disburse money at appropriate drops in the market, utilizing a long term strategy.***

Figure: Monthly Returns (%) of the VNIndex since 2010 to 2016

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average (Monthly Change)	5.59	1.77	.31	3.31	-2.42	.43	.36	-1.48	-.11	.68	-3.14	
2016	-5.83	2.59	.33	6.62	3.35	2.23	3.16	3.43	1.65	-1.45	-.22	
2015	5.58	2.86	-6.99	2.04	1.27	4.12	4.72	-9.07	-.37	7.95	-5.63	1.02
2014	10.28	5.38	.87	-2.29	-2.76	2.87	3.10	6.81	-5.95	.34	-5.70	-3.70
2013	15.97	-1.09	3.47	-3.37	9.25	-7.19	2.23	-3.89	4.22	.97	2.08	-.62
2012	10.36	9.19	4.10	7.42	-9.41	-1.59	-1.87	-4.45	-.87	-1.06	-2.73	9.50
2011	5.35	-9.64	-.05	4.11	-12.23	2.65	-6.21	4.69	.68	-1.59	-9.53	-7.65
2010	-2.59	3.10	.47	8.64	-6.44	-.06	-2.61	-7.86	-.12	-.42	-.23	7.32

Source: Bloomberg

In the first paragraph of this daily news update, we mentioned stocks in the steel sector. Among the companies previously mentioned, we prefer HPG. Hoa Phat Group JSC (HPG-HSX) is the leading firm in the domestic construction steel industry, and has been drawing significant market attention since the price has nearly doubled since the beginning of the year. HPG has illustrated its prevailing efficiency among other industry peers during the first 9 months of this year, and has benefitted from the countervailing measures against imported billets and rebar. While HPG's remarkable profit margin might not be maintained in 2017 due to the recent input price increase, its production and sales will still remain the strongest in the steel industry.

Using FCFF and P/E, we determine HPG's target price to be around VND 50,300 per share, 19.8% higher than the closing price on November 21st 2016. The new target price is revised from our company report on January 15^{th}, 2016 based on the industry's performance during this year and its potential in 2017. Therefore, we recommend investors to **ACCUMULATE** in the **LONGTERM.** Our valued investors can find detailed information in the report **"HPG- Unmatchable".**

Analyst Pin-board

Company report introduction: HPG - Unmatchable

*(**Trinh Nguyen** – Ext: 1331)*

If you are interested in this content, please click here to view more detail.

ACV – A monopoly player in a strong growth industry

*(**Hoang Nguyen** – Ext: 1319)*

If you are interested in this content, please click here to view more detail.

Recommendations:

The two indexes increased slightly on low volume. The current trend is still sideway on narrow range. Reversal signal has not appeared and trader should maintain a portfolio which is balanced between cash and stock. Traders should focus on highlight sectors such as Steel and Natural Rubber.

PORTFOLIO RECOMMENDED BY TECHNICAL ANALYSIS

Ticker	Price	Action	Buying date	Buying Price	Target Price 1	Target Price 2	Cut loss Price	Selling Date	Selling Price	Gain/ Loose	Duration
CII	29.35	**Buy**	18/11/2016	29.45	32.0		28.5			-0.34%	Intermediate
DAG	14.90	**Buy**	18/11/2016	15.0	17.0		14.3			-0.67%	Intermediate
PPC	15.55	**Buy**	18/11/2016	15.30	17.0		14.5			1.63%	Intermediate
HSG	46.45	**Hold**	07/11/2016	42.1	46.0		39.5			10.33%	Intermediate
SMC	25.30	**Take**	07/11/2016	21.2	23.0		19.5	16/11/2016	24.40	15.09%	Intermediate
DNP	25.60	**Hold**	08/09/2016	27.4	32.0		25.0			-6.57%	Intermediate
VGC	16.60	**Hold**	26/07/2016	13.5	17.6		12.6			22.96%	Long
KBC	15.25	**Cutlos**	18/07/2016	16.8	18.0		15.5	21/11/2016	15.50	-7.74%	Intermediate
CTI	29.20	**Hold**	18/07/2016	26.7	29.0		25.0			9.36%	Intermediate
LHC	70.00	**Hold**	21/08/2015	41.5	70.0	78.0	58.0			68.67%	Long

Notes:

- **Buying Price** is the Close Price at Buying date. **Selling Price** may be the Target Price, Cut loss Price or Closing Price at Selling date depending on specific cases.
- **Target Price 2** will be updated when the stock passes Target Price 1.
- In the ex-rights date, the prices will also be adjusted accordingly
- Duration: **Short-term** is less than 01 month; **Intermediate-term** is from 01 to 03 months; **Long-term** is more than 03 months.

RONG VIET NEWS

COMPANY REPORTS	Issued Date	Recommend	Target Price
HPG- Unmatchable	November 21th, 2016	Accumulate	50,300
VNS – The battle for market share	November 8th, 2016	Monitor	NA
VSC- Long-run Outlook Remains Positive	November 3rd, 2016	Buy – Intermediate term	71,200
NKG - Seize the opportunity	November 1st, 2016	Buy – Intermediate term	45,700
BFC - Solid position in Vietnam's NPK fertilizer industry	October 26th, 2016	Buy – Long term	43,000

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
VF1	17-11-16	0.25% - 0.75%	0% - 2.5%	28,358	28,352	0.02%
VF4	17-11-2016	0.25% - 0.75%	0% - 2.5%	12,633	12,638	-0.04%
VFA	11-11-16	0.25% - 0.75%	0% - 1.5%	6,646	6,391	3.99%
VFB	11-11-16	0.25% - 0.75%	0% - 2.5%	13,737	13,743	-0.04%
ENF	11-11-16	0% - 3%	0%	14,326	14,180	1.03%
MBVF	03-11-16	1%	0%-1%	12,135	12,073	0.51%
MBBF	02-11-16	0%-0.5%	0%-1%	13,340	13,322	0.14%

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