Market today: Correction has finally come

(Hieu Nguyen - Ext:1514)

The sectors increased sharply in recent sessions such as building materials, real estate, rubber or financial services all experienced adjustments today. There was time when VN-Index lost more than 10 points due to strong selling pressure in the afternoon. However, as many investors saw this as an opportunity today to disburse their money, total turnover on the 2 exchanges was still over 4,200 billion. Cash flow on HSX was weaker than last week, and without banking stocks (VCB, CTG), VN-Index could have fell more than 0.97%. HNX-Index also dropped by 1.77% under the influence of VCG and VCS. Although price of many stocks fell (decliners were 3 times as many as gainers), we found that market sentiment remains optimistic. But we still warn investors to be careful with bottom-fishing activities.

"Correction has finally come"

Table: Price performance of construction stocks

Mã	Trailing P/E	Price change MTD	Price change YTD
KSB	17.6	26.2%	169.3%
C32	7.2	22.2%	96.4%
NNC	8.5	15.8%	78.0%
DHA	11.9	4.2%	81.6%

Source: Bloomberg

Along with the general trend of the market, price of construction stocks (KSB, C32, DHA, NNC) also fell to the floor after the series of the dramatic increase days. In term of fundamental, our industry analysts forecast these companies will gain growth in Q2 earnings due to higher demand and selling price of stone. For DHA, without abnormal profits (VND 7.27 billion) as previous year, 2016H1 earnings before tax might decrease slightly as compared to the same period last year. In general, the current price level of construction stocks is relatively high and reflects most investors' expectations about the earning prospects. As a consequence, short-term correction is evitable.

In the context of the declining market, investors are trying to find a reason to explain or predict the upcoming trend. There was concern about oil prices fall back to the USD 45-46 zone or about the verdict of the international court for the Philippine Sea case tomorrow afternoon. However, in our opinion, the most essential thing is that the cash flow still remains in the market. The market will need more time to test the forces of supply and demand, but it has made quite clear signal about the sensitivity of current cash flow: Profit taking happened and margin limit for many hot stocks was reduced. Therefore, for investors with low risk-tolerance, reducing or restricting the use of leverage is advisable.

Analyst Pin-board

HDG – Hado Centrosa marks a spectacular return

(***Tai Nguyen*** *- Ext: 1514)*

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Recommendations:

The two indexes turned down strongly on rising volumes. The area around 660 and 88 are VN-Index an HNX-Index's resistances respectively. The targets of the correction are 640 and 84 and therefore, traders should lower the stock/cash ration and wait for indexes at their supports.

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
NT2	34.2	**Hold**	02/06/2016	31.2	35.0		29.5			9.62%	Intermediate
PDB	27.0	**Hold**	13/05/2016	25.9	28.5		24			4.25%	Intermediate
BCC	17.1	**Hold**	22/01/2016	13.7	15.0	17.0	12.5			24.82%	Intermediate
LHC	60.8	**Hold**	21/08/2015	40.5	49.0	70.0	37			46.51%	Long

Notes:

- **Buying Price** is the Close Price at Buying date. **Selling Price** may be the Target Price, Cutloss 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
BCI - Gold in land	July 07th, 2016	Accumualte – Long term	28,400
PAC - Profit driver from replacement segment	July 04th, 2016	REDUCE – Intermediate	36,600
PNJ - Glittering Gold	July 04th, 2016	Buy – Long term	101,000
Sanest Dien Khanh - Positive growth potential owing to capacity expansion	June 28th, 2016	Buy – Long term	30,000
TCL - Expecting ICD Nhon Trach to drive earnings growth	June 16th, 2016	Accumualte – Long term	34,000
PGS - CNG divestment improves PGS's financial capability	May 26th, 2016	Accumulate – Intermediate	20,600

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
VF1	01/07/2016	0.2% - 1%	0.5%-1.5%	26,949	26,816	0.50%
VF4	01/07/2016	0.2% - 1%	0%-1.5%	12,084	12,021	0.52%
VFA	01/07/2016	0.2% - 1%	0%-1.5%	6,826	6,881	-0.79%
VFB	01/07/2016	0.3% - 0.6%	0%-1%	13,081	13,104	-0.18%
ENF	24/06/2016	0% - 3%	0%	13,494	13,220	2.07%
MBVF	16/06/2016	1%	0%-1%	11,568	11,485	0.72%
MBBF	22/06/2016	0%-0.5%	0%-1%	12,805	12,785	0.16%
VF1	01/07/2016	0.2% - 1%	0.5%-1.5%	26,949	26,816	0.50%
VF4	01/07/2016	0.2% - 1%	0%-1.5%	12,084	12,021	0.52%

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