JUNE

18

THURSDAY

"Liquidity dropped, VNIndex surpassed 580 points"

ADVISORY DIARY

- **Information about oil rigs in South East Asia**
- **Liquidity dropped, VNIndex surpassed 580 points**

Information about oil rigs in South East Asia

Recently, RongViet Research's industry analyst updated the information relating to drilling activities in South East Asia (SEA). In today Advisory diary, we summarize the industry prospects for further consultancy. According to Plattes's assessment, SEA is the most active region in term of oil drilling along with strong growth in energy demand. However, the operational performance from oil rigs is relatively low comparing with other regions and under the downward trend recently due to the negative impact from significant drop in global oil price. According to Rigzone, operating performance from oil rig in SEA achieves approximately 52.1%, lower than the global average of 58.2%. In addition, such performances have declined by about 16.2% within 1 year (when the global oil price was over 100 USD). From further information in JP.Morgan's report, we acknowledge that there is a significant global surplus in supply regarding oil rigs, especially in SEA. Such situation comes from the actual demand for replacing oil rigs from 1970 – 1985, however after considering the number of rigs under construction and no signed contract, the supply seemed to surpass the demand. According to JP.Morgan's assessment, such condition could prolong to at least Q2/2017. The decline trend in oil price could lead to the leasing cost for drilling services from the end of last year till now. However, the bigger concern relates the rig oversupply could be the significant factors impacts on the leasing prospects in the future.

Raising the concern with the representative from PetroVietnam Drilling & Well Services Corporation (PVD – HSX), we was informed that the rig market in Vietnam has the best operating performance in region. PVD's rigs always achieve high efficiency (approximately 95 – 99%). Such results come from high crude oil demand in Vietnam and high market share in oil drilling activities. At this moment, we do not expect foreign companies to place the "footsteps" into domestic market to compete with PVD in term of market share. However, we believe that the risk regarding rig leasing activities in region to drop, as a result, affect the negotiating abilities from the company and need to be concerned. According to the information from the company, leasing cost in Vietnam is still higher than other countries in region, but the trend in leasing cost in Vietnam is still correlated to the SEA area. Therefore, even though the oil price is stable around 60 USD/bbl and most of the forecasts pointed out the stability and recovery of oil price, we believe the risk relating to leasing price adjustment could continue next year. At this moment, the Company asserted that the owned rigs could operate until the end of this year and even next year. The leasing cost ranges from 135,000 – 145,000 USD/day. PVD has maintained PVD 1 and PVD 3 oil rigs in the first half of 2015, operated PVD 6 since 3/2015. In 7/2015, PVD also finalizes the dividend payments with 15% in cash and 15% in bonus shares.

Liquidity dropped, VNIndex surpassed 580 points

Today trading session marked the 2 consecutive days of decrease in liquidity with the lowest trading value since the end of May 2015. Total trading value in both markets reached 2,140.04 billion dong, -23.5% compared to the previous session and -47.47% compared to the "record" day of 8/6/2015. Such situation demonstrated the cash flow into the market narrowing down recently (before the closing date of ETFs' portfolios). However, both stock markets slightly increased in points with the range of 214 increasing stocks and 195 decreasing stocks, VNIndex surpassed 580 the second times of this month, achieved 580.35 (+0.26%) meanwhile HNXIndex reached 87.09 (+0.7%). In addition, foreign investors have been in the net buy position for 3 consecutive days with the net value of 26.11 billion dong for HSX and 21.91 billion dong for HNX.

We recognized the divergence on the stock markets with main increase momentum coming from financial service segment (securities companies) such as SSI (+2.1%), HCM (+0.3%) and VND (+3.8%). Moreover, banking sector seemed "out of breath" after the significant breakthrough recently with only 2 stocks following the increase trend today, ACB (+1.4%) and VCB (+1.1%).

According to our observation, the cash flow coming into the markets usually slows down before the last trading day for reviewing from ETFs' portfolios. Rongviet Research's market analysts asserted that even though VNIndex has surpassed the 580 points, there could be several investors decided to stand outside and wait for a clearer signal after tomorrow session.

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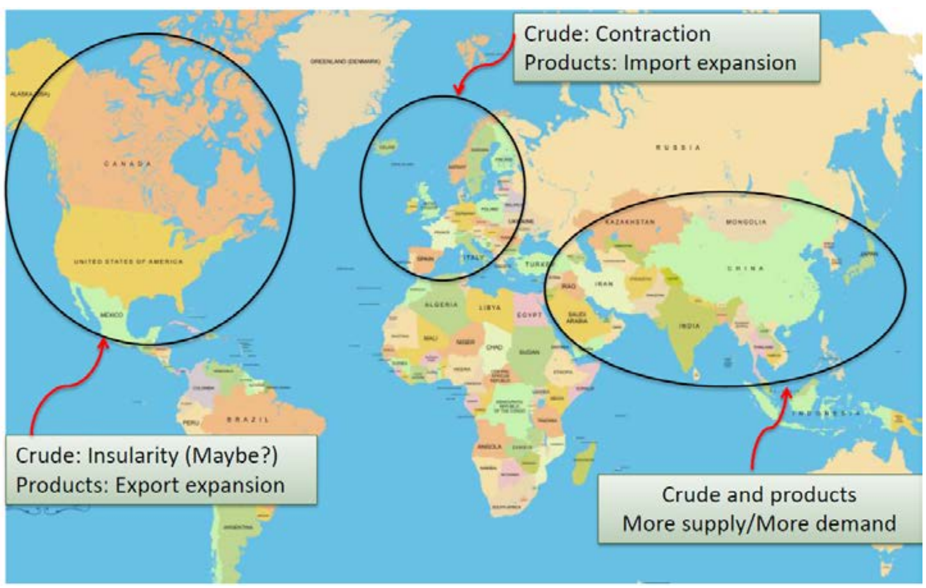
Relating to the interest rate adjustment in US, FED chairman – Janet Yellen announced the unchanged intention to increase the interest rate in 2015. The reasons could come from the recovery from US economy, especially labor market with over 217,000 new jobs created in the first 5 months of this year. Furthermore, the forecasted unemployment rate fell from 5.5% in May to 5.2% at the end of 2015 could also be the basis for such decision.

Figure: Global energy supply and demand



Sources: Platts

Figure: Current global operating performance – Oil rigs

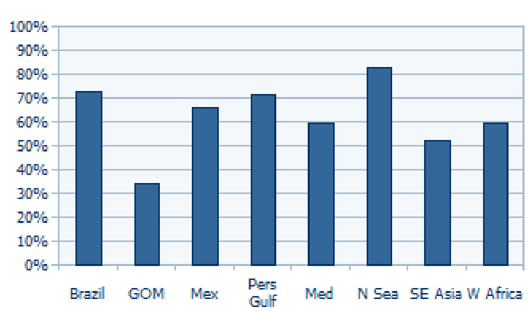
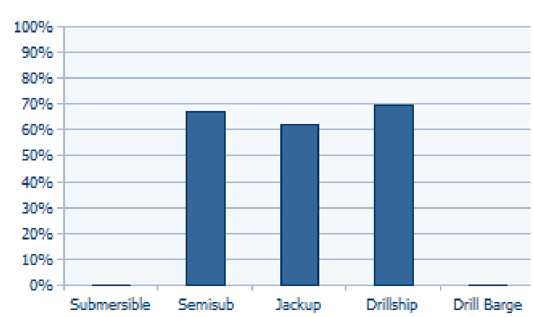


Figure: Current global operating performance – Drilling types



Sources: Rigzone

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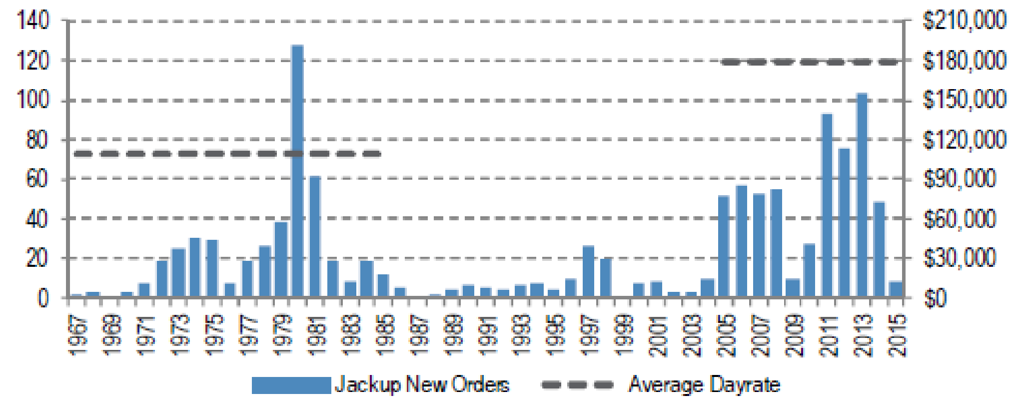
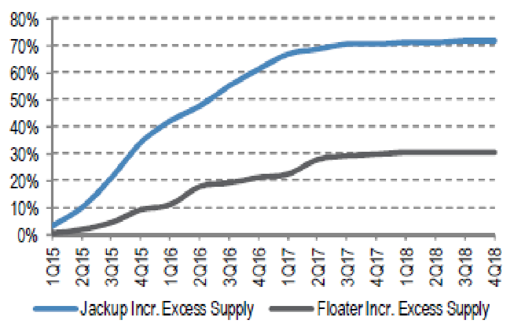
Figure: Construction cycle and average leasing cost for Jack-up (1970-1985) and (2005-2014)



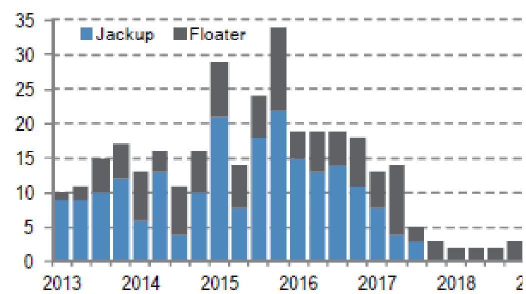
Sources: IHS Petrodata, J.P. Morgan

Figure: New oil rigs



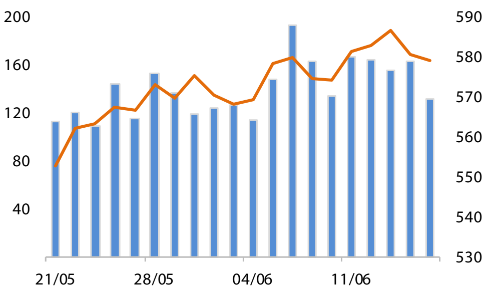
Sources: IHS Petrodata, J.P.Morgan

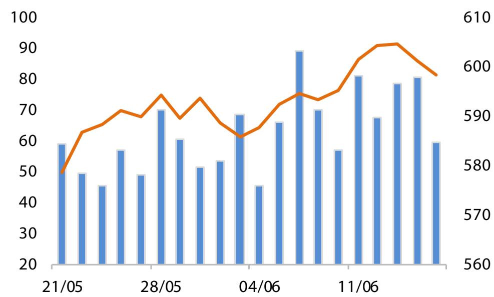
Figure: Schedule for oil rigs under construction

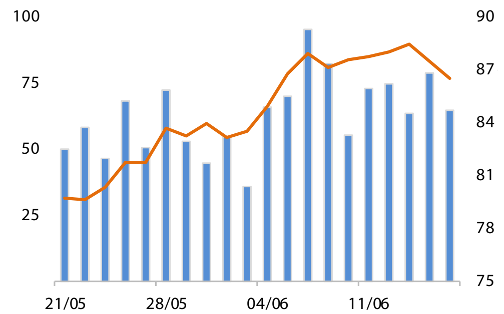


Sources: IHS Petrodata, J.P.Morgan

VNINDEX	0.26%	580.35	VN30	0.37%	600.45	HNXINDEX	0.69%	87.09

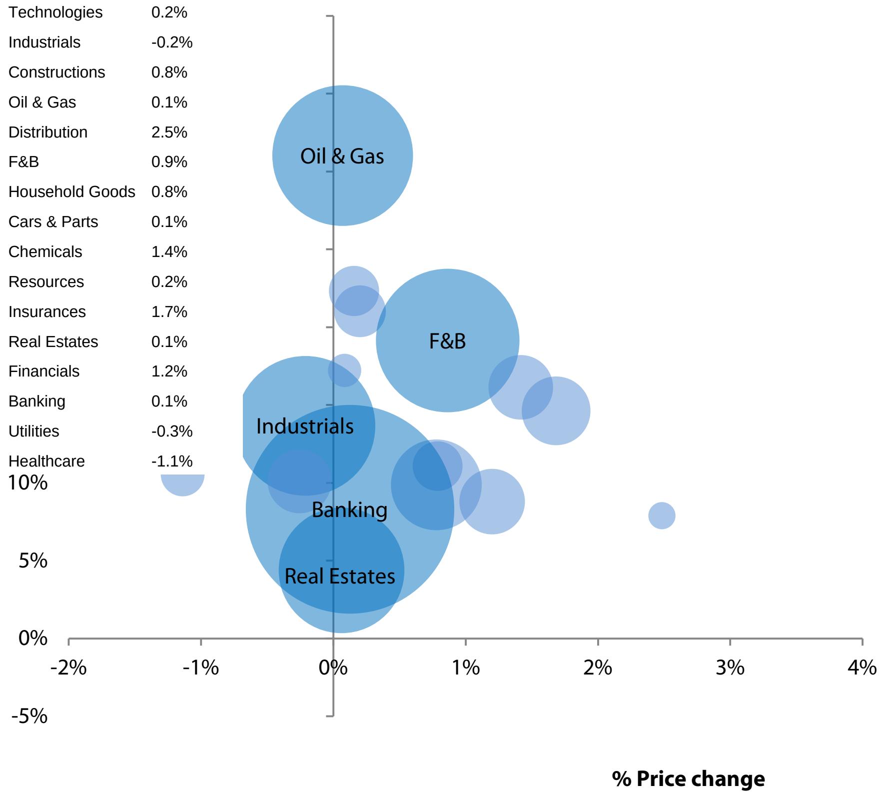




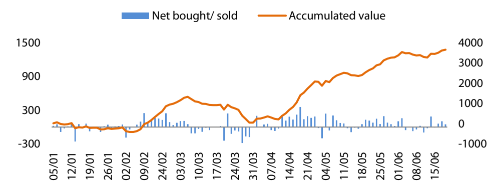


Industry Movement

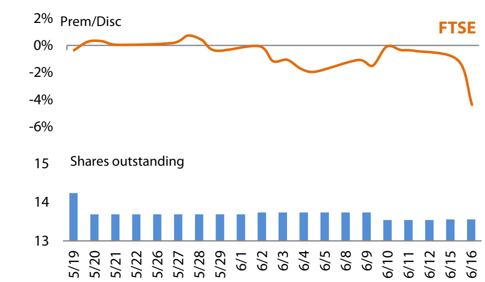
Industry	% change
Technologies	0.2%
Industrials	-0.2%
Constructions	0.8%
Oil & Gas	0.1%
Distribution	2.5%
F&B	0.9%
Household Goods	0.8%
Cars & Parts	0.1%
Chemicals	1.4%
Resources	0.2%
Insurances	1.7%
Real Estates	0.1%
Financials	1.2%
Banking	0.1%
Utilities	-0.3%
Healthcare	-1.1%

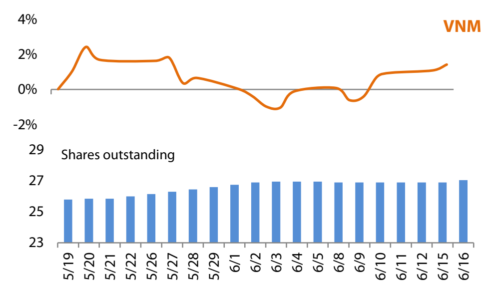


Foreign Investors Trading



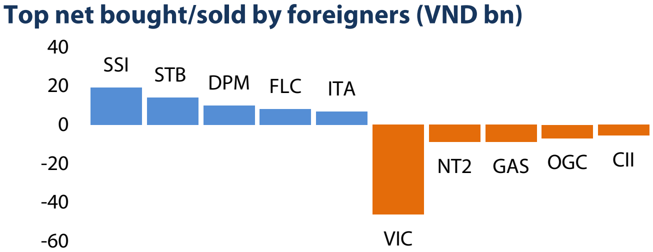
ETF



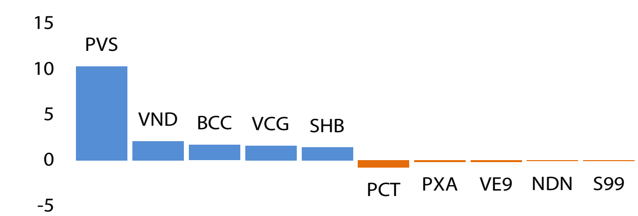


Top net bought/sold by foreigners (VND bn)

HSX



HNX



Top Active

Ticker	Price	Volume	% price change
FLC	9.1	9.09	1.1%
OGC	2.8	7.25	3.7%
MBB	15.1	4.67	-0.7%
SSI	23.8	4.33	2.1%
CII	23.3	4.24	3.1%

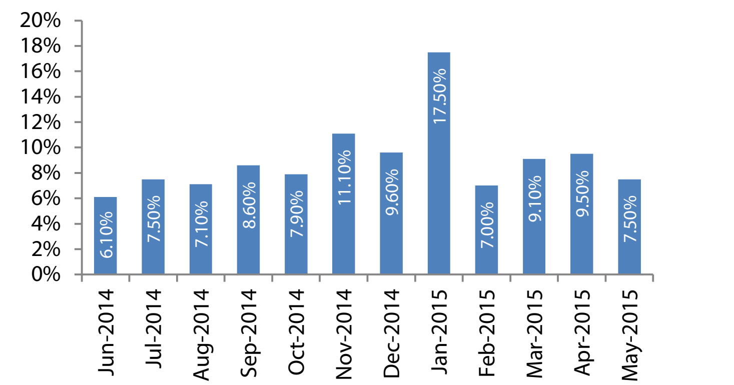
Ticker	Price	Volume	% price change
SCR	8.4	5.52	2.4%
KLF	7.3	3.37	1.4%
FIT	14.0	2.46	1.4%
VND	13.8	2.43	3.8%
KVC	21.3	2.25	9.8%

MACRO WATCH

Graph 1: GDP Growth

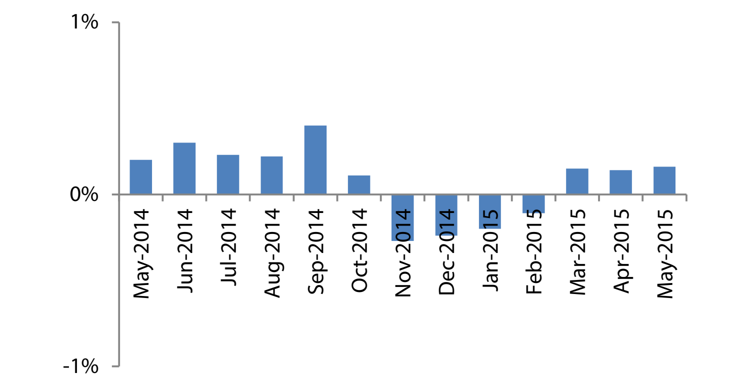
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



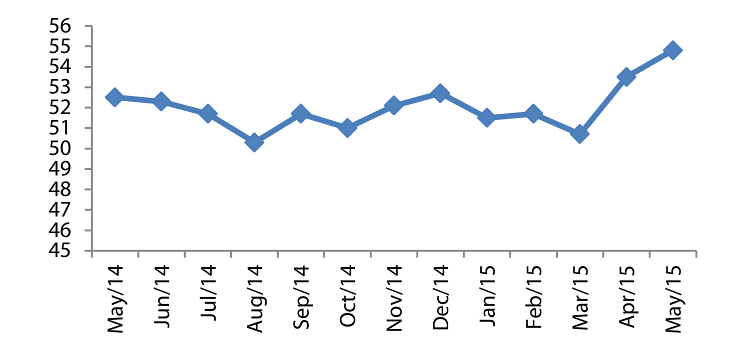
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



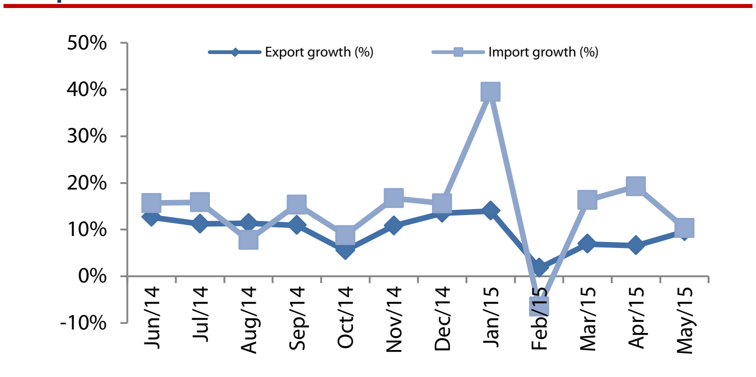
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



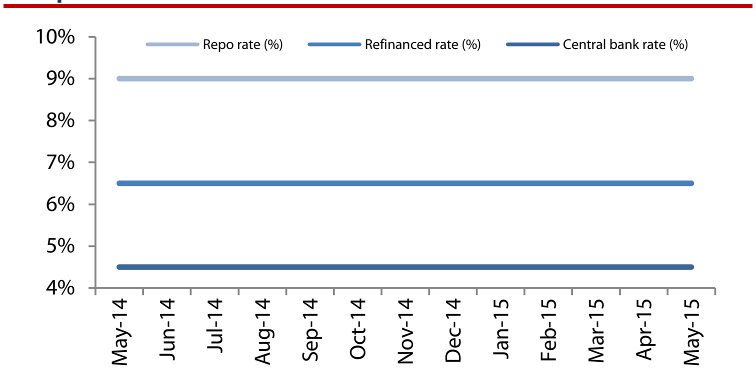
Sources: GSO. Rongviet Securities database

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
MWG - Optimistic business outlook in 2015	May 25th, 2015	Buy – Intermediate term	101,000
FPT - Positive recovery in the technology business	May 12th, 2015	Accumulate – Long term	60,900
GSP- Heading for a new growth period	May 11th, 2015	Accumulate – Long term	16,600
STK - Running on all cylinders	May 7th, 2015		30,800
VPH - Emerging from its lowest	May 5th, 2015	Buy – Intermediate term	15,300

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	05/05/2015	0% - 0.75%	0% - 2.5%	11,672	11,683	-0.09%
VEOF	05/05/2015	0% - 0.75%	0% - 2.5%	9,238	9,456	-2.31%
VF1	08/05/2015	0.2% - 1%	0.5%-1.5%	20,675	20,520	0.75%
VF4	06/05/2015	0.2% - 1%	0%-1.5%	8,978	9,098	-1.38%
VFA	04/05/2015	0.2% - 1%	0%-1.5%	7,154	7,168	-0.20%
VFB	08/05/2015	0.3% - 0.6%	0%-1%	12,126	12,133	-0.05%
ENF	04/05/2015	0% - 3%	0%	10,834	10,779	0.51%
MBVF	04/05/2015	1%	0%-1%	10,449	10,439	0.10%
MBBF	29/04/2015	0%-0.5%	0%-1%	12,075	12,064	0.09%

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