05/08/2015

Investment Strategy August 2015

Opportunities remain in a sideway market

The stock market of July diverged little from our projection in our last monthly report where the uptrends of large-cap, led by bank and insurance stocks could stretch no further than the first two weeks of the month. As the month went on, mid and small-caps stepped up as hopes for TPP talks grew . Despite their late-blooming strength, these stocks could only kept the warmth in the market rather than igniting a new rally.

For August, we do not see much support for the stock market. First of all, bank and insurance stocks though slowing significantly throughout July, still outperformed VNIndex by 4.7% and 15% respectively. The weakening of these two sectors plus that their not-so-convincing fundamentals should make it hard for bank and insurance stocks to gain much speed this month; the risk of a correction remains though. Second, the breakthough of export and manufacturing mid-caps hinted the presence of speculators, poised by inflated hopes and disappointment over the outcome of the TPP minister-meeting in Hawaii in late July. The sudden but expected drop of these securities signaled the withdrawal of speculative cash, which may be not a good sign for the August stock market. This has been confirmed by detoriorating volume in the last few days.

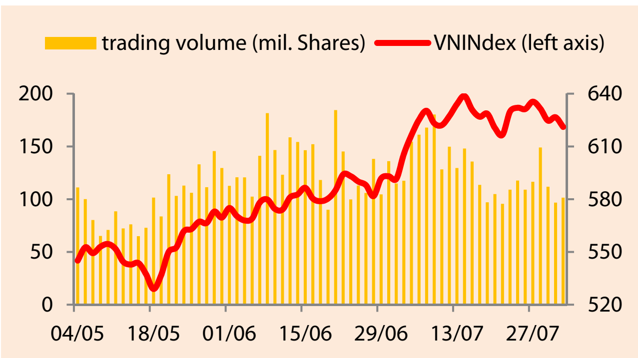
In summary, we expect a slowdown of small and mid cap in the first half of August. Nonetheless, once frowns over the result of the last TPP meeting are fully reflected, stock prices will diverge by the "stories" of the underlying companies and sectors. On the other hand, the performance of large-caps and blue-chips, whose earnings prospect depend largely on macroeconomic factors, will be tied to foreigners' trading.

VNIndex is expected to move between 593 and 627 and HNIndex 80 and 85 in August.

Circular No.07/TT-NHNN (effective 09/08/2015) on the bank guarantee for real estate projects aims to boost housebuyers confidence and liquidity on the property market. On the support of new legistlation like this Circular No.07, we expect the real estate sector to conitnue with positive growth for a foreseeable future.

In late August, trade ministers of TPP countires may gather again, trying to lift the remaining blokages on the path to concluding the "trade pact of the century". Until the TPP reach its conclusion, however, investors should stay close to stock and industry fundamentals and avoid being overinfluenced by market swings. New movements in the forex market after the FED's rate hike is seen as a tailwind for importers of vehicles and automobile parts. Given upbeat car consumption in 1H2015, we are optimistic about the performance of the automotive sector in the coming quarters.

We believe the up days in early August, if there are, will be an opportunity for stockholders to lock in profits since a drop of liquidity could make it very difficult. For long-term investors, there may be opportunities to accumulate on stocks with attractive valuations since a sideways-going market will be more apparent in later days of the month.



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As the gloomy sentiment in TPP-related stocks spreads, the stock market may find it difficult to step up in early days of August. Liquidity may continue deteriorating as cash holders may decide to wait until the market regains balance, or at least stops falling. Though small and mid-caps have just begun to weaken, we notice that larger stocks have slowed to sideway movements since mid-July. Trend-followers may consider returning to the these issues when (1) foreigner trading strengthens and (2) there are more positive signs on the macroeconomy.

On the contrary, long-term investors can still find buy opportunities in the sectors with positive business outlook:

- From a relative point of view, the fact that export stocks picked up subtantially in July does not make these issues expensive at all. At its July peak, TCM traded at 10.7 times its projected EPS (as compared to 9.0 times at the end of June). Similarly, even on their best days, VHC and FMC traded at P/E ratios (forward) of only 9.6x and 7.1x. Trailing P/E of the respective sectors are now 12.6x and 9.3x. If negative news continues to spread on TPP talks, such stocks could retreat to much more attractive price levels.
- Aside from the steel industry, bulding material firms have shown optimistic growth. Leading cement producers like HT1, BCC, HOM and BTS have reported fast-expanding sales and widened net margins. As the largest plastic pipe producers in the South of Vietnam, BMP saw recorded revenue and PBT growth in 1H2015. Like NTP, BMP's stock price may benefit greatly from the possibility of FOL extension.
- Stocks of automotive retailers are also on many supportive factors. While distributors like HHS, SVC, TMT and HAX have been favored by growing vehicle demand, HTL has a chance to increase its profitability as the JPY depreciates.
- Weather conditions in Quang Ninh in the last few days have adversely affected the operation of thermal power plants in the North such as PPC and NBP. However, the extent of such effect may not last. Meanwhile, Southern plants like NT2, SHP, CHP, SHP, VSH, SJD and TMP may be advantaged by the uptrend of power price in the wholesale market.

As the market turns unfavorably, the fundamentals of each firm and sectors will be the only place stock prices can hold on to. Investors are advised to shift their attention to stocks (1) in industries with positive medium and long-term prospect, (2) have optimistic H2 earning outlook and (3) are attractively valued compared with the overall market.

Industries movement in August, 2015 and P/E, P/B of industries at the end of the month

60 stocks of RongViet Research (analyzing, discussing with companies) and have analysis and specific evaluation in "Company report" or "Advisory Diary" since the beginning of this year till now.

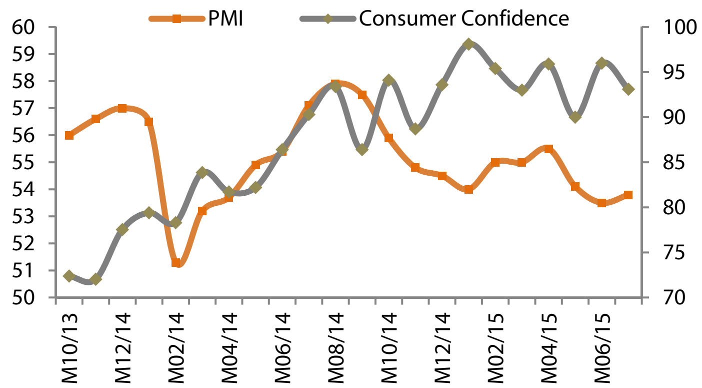
WORLD ECONOMY

- US – Economic recovery surpassed expectation
- EU – Manufacturing activities continued to improve
- China - Worsened economy affects global commodity prices

US – Economic recovery surpassed expectation

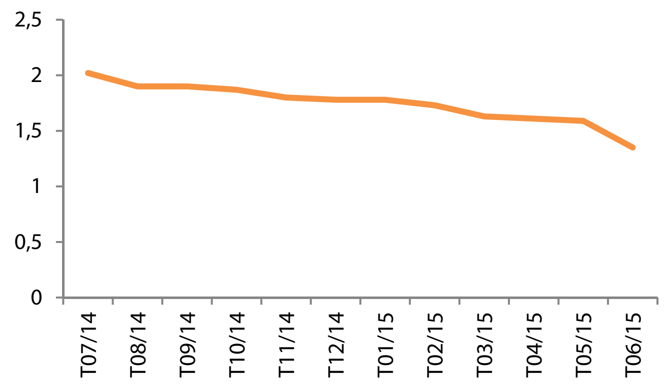
In Q2/2015, GDP growth rate of the largest economy in the world achieved 2.3%, significant improved comparing to 0.6% from last quarter. Highest contribution came from consumption sector (accounted for 2/3 of US economy size). Accordingly, personal expenditure recorded 2.9% increase, 1.1% higher than Q1. Furthermore, export of goods and services also experienced optimistic recovery with 5.3% increase after 6% decline during the previous quarter. Another spotlight was the industrial production over the last few months maintained the expansion stability of over 50 points. According to the latest update from HSBC, thanks to the improvement in domestic business condition, PMI in US manufacturing segment in 07/2015 achieved a slight increase compared to last month with 53.8 points.

Figure 1: US PMI and Consumer Confidence Index



Source: Tradingeconomics, RongViet Research

Figure 2: Long-term unemployment rate



Sources: Tradingecocomics, Rongviet Research

Continuing the trend since early 2015, US labor market recorded positivity. According to FED's assessment, indicators of labor market condition kept improving in 06/2015, after negative factors during March and April. In addition, long-term unemployment rate also experienced significant decline, to 1.35% in June compared to 1.59% from previous month. Positive economic indicators also supported USD currency, consequently, this index increased by 3.2% during July.

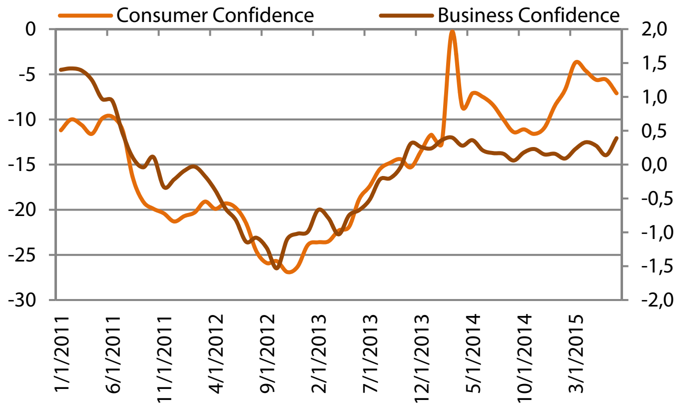
With the optimistic signs from US economy and labor market, during the last meeting in June, FED asserted that the possibility of interest rate increase would be left open. In addition, FED also confirmed the range for targeted interest could be suitable at 0-0.25%. According to our observations, there is high probability for a September rate hike around 0.25% in the upcoming meeting.

EU – Manufacturing activities continued to improve

Based on the statistics from Markit, PMI in July from Eurozone continued the improvement. Specifically, major economics such as Netherlands, Germany, Italy and Austria were among the countries with most positive results. Notably, Italian economy recorded the highest improvement with PMI of 55.3 points in July, highest since 02/2011. Furthermore, according to Tradingeconomics, business conditions in this area also experienced the strongest recovery when business confidence index achieved 0.39 points, highest since 2012.

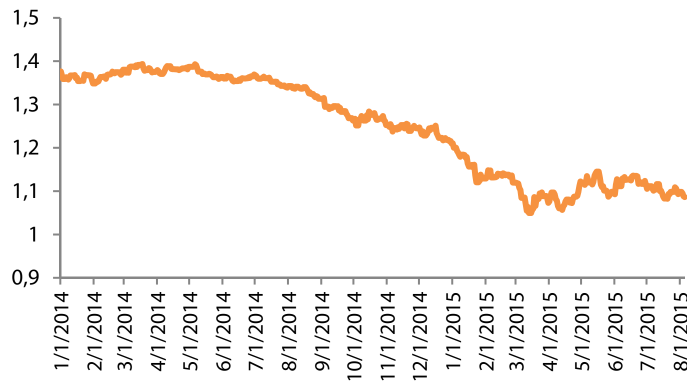
Under the situation that macroeconomic indicators which continued the trend of slight "prosperity", early 8/2015, credit rating agency S&P revised and downgraded the prospects of Eurozone from "stable" to "negative". One of the reasons could be the risk related to the bailout plan for member countries and the possibility that England is having a referendum on leaving the EU (England is the second highest member contributing to EU budget). Such issues caused EUR/USD to lose 2.2% in the first 4 days of 8/2015 after recorded a 1.34% decline in July.

Figure 3: Business and consumer confidence index in Eurozone



Sources: Tradingeconomics

Figure 4: EUR/USD exchange rate

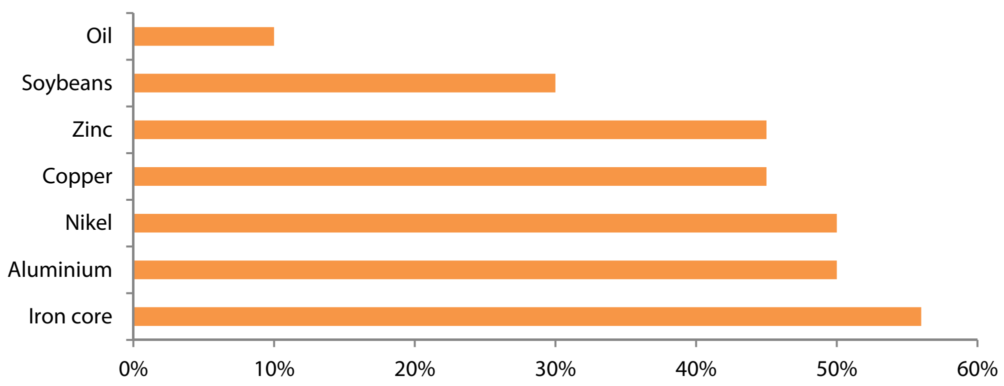


Sources: Bloomberg

China - Worsened economy affects global commodity prices

In July, various negative indicators continued to be recorded from the Chinese economy. According to the latest release from Markit, Chinese PMI for 7/2015 was 47.8 points, going down from 49.4 of the previous month. This was the 5th consecutive month that Chinese production activity stays below the expansion line of 50 points. Extracted from the same report, the contributing indices such as business condition, domestic and international demand and new jobs created sharply declined. Financial Times stated that China is one of the major consumers for multiple important metals such as iron, aluminum, copper, zinc, oil… Hence, Chinese economy's gloom atmosphere took effect on prices of goods and services, especially metal prices. According to Indexmundi, metal, ingredient input and oil price indices experienced strong decrease within one month's time, which were 4.59%, 2.97% and 1.98% respectively.

Figure 5: Chinese proportion in global consumption map (2014)



Sources: Financial Times

During the last few days of July, IMF announced not to add Chinese Yuan (CNY) to the SDR currencies this year, whereas two months ago, G7 had reached principle agreement allowing CNY to join the basket. As per our findings, this movement has insignificant influence on the Yuan. The upcoming statements regarding this issue will not be published until September 2016. Under the situation of deep deterioration in production, Chinese State Bank has recently declared the continuation of expansionary monetary policy for the second half of the year, even though multiple forecasts expected possible interest decrease.

WORLD STOCK MARKETS

Divergence was appeared on the global stock market, demonstrating by the rebound in US and Europe market amid the decline in Asian market

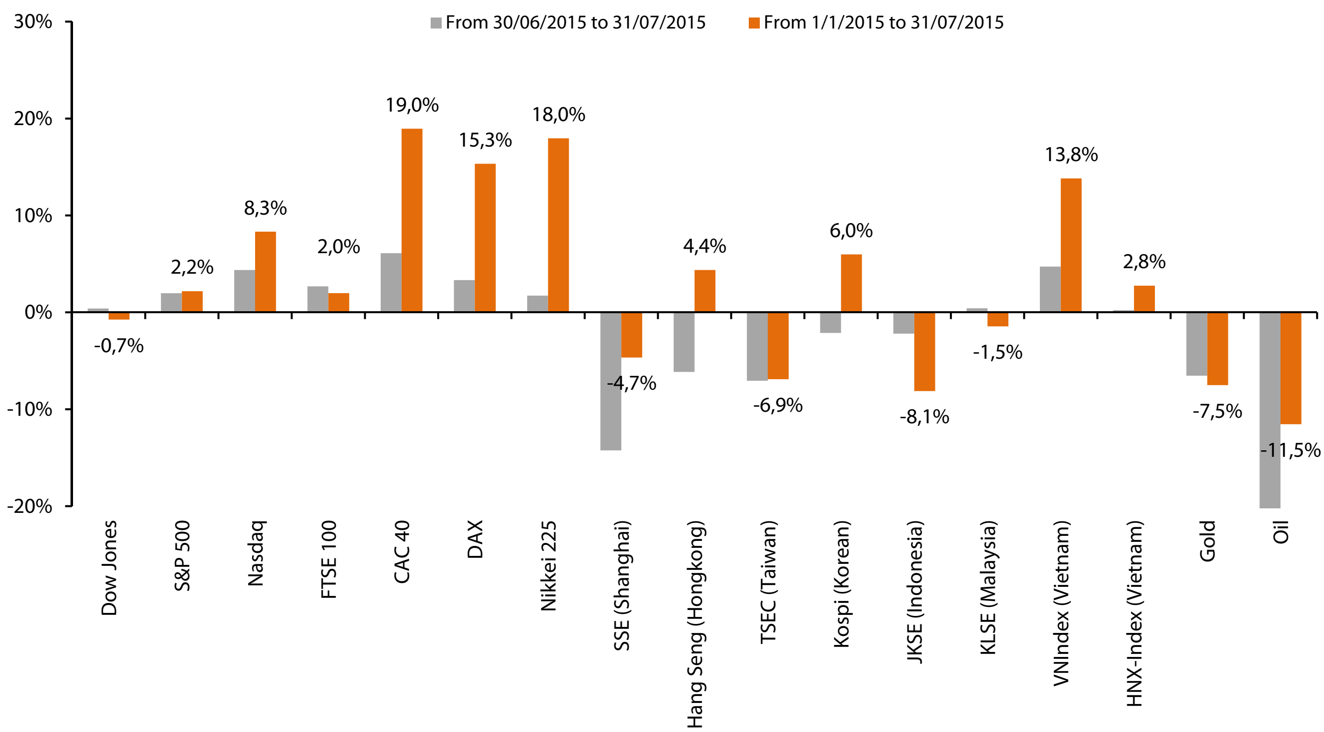
In the US, the economy has beaten the estimate as GDP in 2Q2015 rose by 2.3% to 1Q2015 (meeting FED's expectation) and purchasing managers index (PMI) increased slightly at 53.8 points. Therefore, both Dow Jones and S & P 500 has slumped over the past month, respectively 0.4% and 2.0%, meanwhile Nasdaq index surged of 4.4%.

Similar to the US market, the recovery of EU stock market thanked to a stable inflation of 0.9% in July, and a slight improvement of industrial production activities in EU, such as France, the Netherlands, Germany and Greece. Closed on 31 July 2015, all 3 EU stock indexes slightly rose, particularly FTSE 100 (+2.7%), CAC 40 (+6.1%) and DAX (3.3%)

In contrast with US and Europe market movement, Asia market has traded negatively in July, especially in China with s slump of 14.24%. Chinese economy has faced continuously to crisis when PMI fell from 49.4 point in June to 47.8 point in July. This was the third consecutive month that Chinese PMI has been below level of 50 point. Stock index in several regions also decreased, such as Hang Seng (-6.2%), TSEC (-7.1%), Kospi (-2.1%) and JKSE (-2.2%). However, Nikkei 225 ad KLSE index recorded a slight increase of respectively 1.7% and 0.4% m-o-m.

Crude oil price slumped 20% in July, reached ~USD 45/barrel. According to EIA, output in May rising 4.48 million barrel and inventory in July continuing to increase (up to 1.97 barrel) put psychology pressure on WTI; thus, WTI suffered the same negative impact.

Figure 6: World stock indices movement in July, 2015



Sources: Bloomberg, RongViet Research

VIETNAM ECONOMY

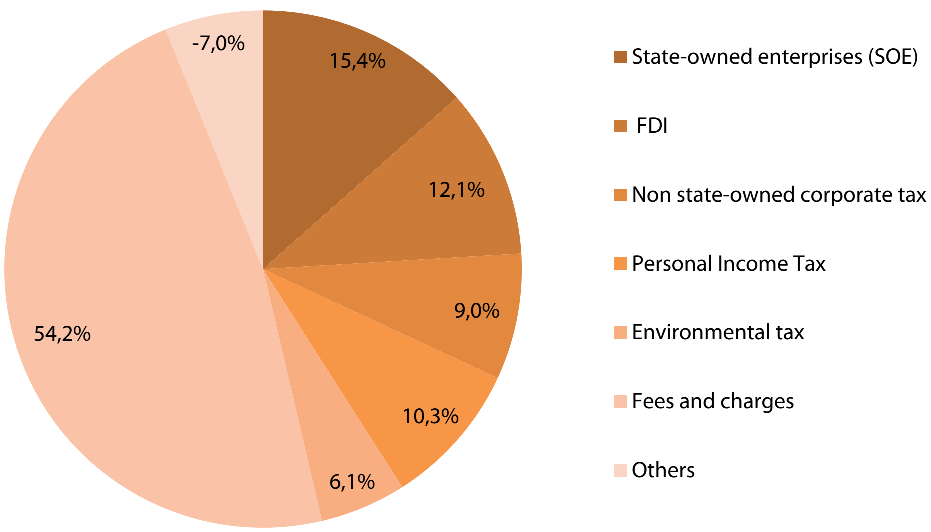
- Government budget faces difficulty from long-term debt pressure
- New policies positively support bad debt settlement
- Opportunity cost for protecting the stability of exchange rate
- The deadlock for TPP agreement

Government budget faces difficulty from long-term debt pressure

Revenue improves thanks to fee and charge collection increase

According to GSO, total annual Government Revenue as at 15/07/ 2015 is estimated at VND 476.5 thousand billion, making up 52.3% of the whole year forecast. In particular, domestic revenues recorded positive increase of 15.1% y.o.y to VND 348.5 thousand billion. Especially, the amount of increase mostly resulted from fee and charge collections, 54% in absolute increase. Therefore, improvement in revenue by collecting fees and charges has merely been a temporary measure but not a long-term resolution. Accumulated until July, the increased amount was only enough to compensate for the 32.5% y.o.y decrease in revenues from crude oil. Meanwhile, revenues from exports and imports recorded insignificant changes compared to the same period last year.

Figure 7: The contribution of each categories in budget revenue



Source: GSO

In regard to expenditures, according to GSO, estimated Government spending for the first 7 months of 2015 was VND 590.9 thousand billion. Specifically, the proportion of debt payment and subsidies continued to grow comparing to last year, at approximately 14%, equivalent to VND 82.2 thousand billion. After 7 months, the Government budget deficit was estimated at VND 114,400 billion, which was within the 2015 projected figure (50.6%). However, the increase in rate of debt payment growth may raise several concerns to the government budget due to the great pressure caused by the upcoming debt interest and principle obligations. Bloomberg states that the government's debt paying schedule concentrates on the 2015-2017 period, in which the amounts for 2016 and 2017 are VND 140,000 billion and VND 120,000 billion respectively, both of which will be heavy duties to meet. Looking further, these numbers could exceed the budget surplus intended for development and investment spending for the coming years.

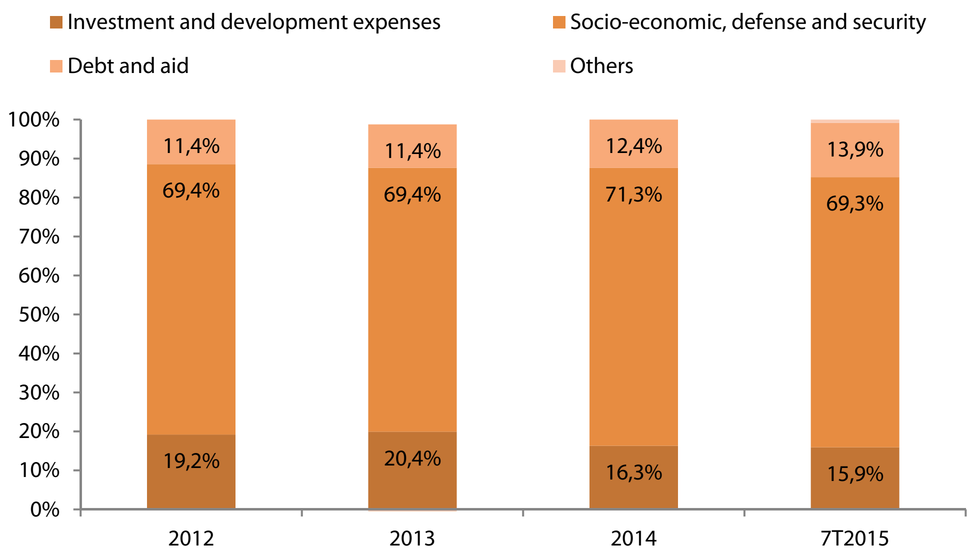
Measures to improve revenue and Government budget deficit

Recently, the Ministry of Finance has implemented several measures to enhance tax and debt collection activities, consequently, improve revenue and budget deficit. Measures included: publicly publish the list of 600 enterprises which have tax debt nationwide, drastic debt collection from local basic construction, increase taxes and fees from land use, temporarily seize 10% of recurrent expenditure in last 8 months of 2015…

In previous year, Government bond mobilizing channel effectively played a role in term of compensation for budget deficit. However, over the last 7 months, total Treasury value rising through this channel only reached VND 93,252 billion, equivalent to 37.3% of whole year plan. Therefore, the Ministry of Finance has reopened Treasury bill channel in short-term since mid-6/2015 in order to cover budget deficit. By the end of 7/2015, the State Treasury has raised VND 21,130 billion in term of bills with term of 3-6 months.

In addition, recent proposal demonstrated the effort to increase revenue such as VND 30,000 billion loan from the State bank, use the foreign exchange reserve to finance investment and development, increase crude oil output… Majority of those measures showed the dependence of fiscal policy on monetary policy. We believe that capital budget issue in future could be the risk that need close attention. The reason could be the unwanted effect from operating policy decision on interest rate stability, inflation and money market.

Figure 8: Budget expenditure by categories



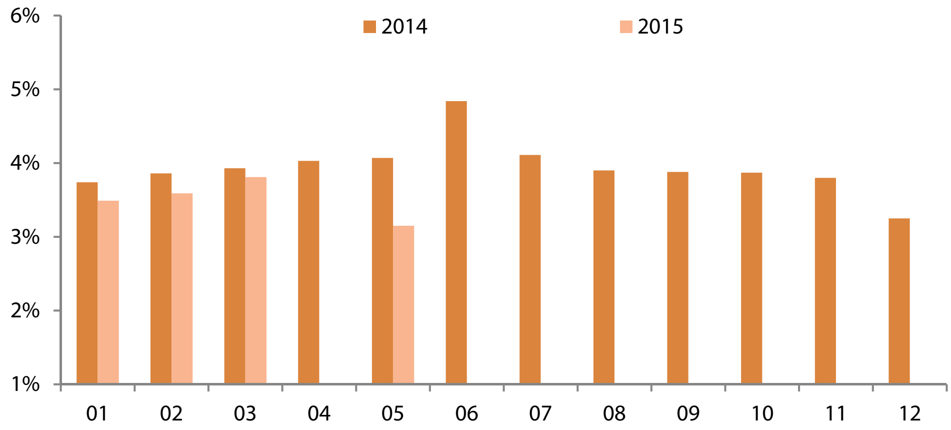
Source: GSO

New policies positively support bad debt settlement

According to the latest update from the State bank, by the end of 05/2015, bad debts have accounted for 3.15% of total outstanding debt in the system, equivalent to VND 131,600 billion. Comparing to early 2015, bad debt ratio has declined, however, according to our assessment, bad debt settlement is still relatively low because: (1) positive credit growth in the first half of 2015 (VND +282,500 billion compared to 2014); (2) VAMC has bought over VND 33,000 billion; (3) commercial bank has to make the provision at high level over the first 6 months of 2015. Based on multiple reviews, bad debts mainly exist in real-estate industry. Since early 2015, real-estate industry has made several changes in some segments. However, according to latest report from the Ministry of Construction, total real estate inventory by the end of 6/2015 was at relatively high level (approximately VND

65,273 billion). Facing practical difficulties in bad debt settlement such as no market for bad debts, procedures for collateralized asset disposals, legal issues… recently, we notice several issued legal documents and those could be the stepping stones to support bad debt settlement.

Figure 9: Non performing loans ratio



Source: SBV

Particularly, Circular 07 (effective from 09/08/2015) directly relates to regulation of bank guarantee, in which, we pay special attention on Article 12 – guarantee real estates which form in the future. New regulation mainly based on the spirit of Article 56, Real estate business law 2014. Accordingly, the commitment to refund customers when investors violate the hand-over obligation under the pledged schedule. In term of commercial banks, these institutions will assess the risk based on criterion such as ability to implement the project on schedule, ways to use advanced fund and the amount buyers have paid to the project investors. Therefore, parts of this Circular could be considered as a support to investors and buyers. Moreover, the guarantee of real estates which will be formed in the future also contributes to the credit growth of commercial banks in general. In fact, there are guarantee contracts which were signed between real estate investors and banks under different reasons (revenue resources for old debt settlement, create consumers' trust, boosting demand…). Written Circular guide legitimized the current situation and, simultaneously, support the improvement in real estate industry – an issue that intimately connects to the bad debt settlement.

Subsequently, Circular 09 regulating credit institutions' activities of buying and selling debts took effect on 01/09/2015. The circular provides rules, procedures and methodologies concerning debt valuation, thus gives principle regulations for more effective implementation and reducing impractical debt settlement, as well as building the first steps to establish the debt market in the future. In addition, another document coming into effect at the same time was Decree 60/2015/NĐ-CP, which allows firms to issue shares in exchange for their capital contributions at other firms, and to issue shares to creditors to convert debts into contributed equity. Although most credit institutions show no deep interest in converting debts to equity, we suppose it is a necessary solution in order to deal with particular bad debt cases from both commercial banks and VAMC.

Principle	- Debt purchaser: Bad debt proportion < 3%. - Debt seller: cannot sell debts to subsidiaries, cannot buy back sold debts, must have internal rules on debt buying/selling activities.
Method	- Agreement - Auction

Debt valuation	- Initial price: Book value, interest paid by debtor in the future, debt classification, recoverability and collateralized asset value. - Valuation for buying/selling debts by agreement.

Generally speaking, with the State Bank's aim of bringing the banking system's bad debt percentage to under 3% before 01/10/2015, various legal documents have been issued to strongly assist VAMC's bad debt settlement, as well as to "tidy up" banks' balance sheets. We suppose that specific instruction documents would be the next step to be faster and more "realistic" in boosting bad debt processing progression.

Opportunity cost for protecting the stability of exchange rate

During the last days of July, currency market has recorded the fluctuation, the black market rate approached 22,000 VND/USD, exceeding the ceiling rate of SBV while the official rate at commercial banks was on the verge of the ceiling. There is common rule that the exchange rate fluctuation usually falls in the early of first quarter, second quarter and the period between the end of the third quarter, then no exception this year. This time, SBV repeated the message including the goal of not increasing exchange rate more than 2% in 2015 plus the announcement about the foreign exchange reserves of USD 37 bn (covered ~2.6 months of imports), which they believe the commitment would be guaranteed. In this update, we mention the brief idea about the "opportunity cost" for keeping the stability of exchange rate instead of whether the above goal is achieved or not.

In the first half year, exports dropped sharply at goods in mining, agriculture and seafood...The decline in exports of those commodities has close ties with the slump of global commodity price, however, it is undeniable that the stability of the exchange rate also impacted negatively on the output and exports of above commodities. According to the VEPR research in May, 2015, there are five industries could be negatively affected by the overvaluation of VND: (1) Agriculture; (2) Mining; (3) Agriculture products; (4) Labor intensive industries; (5) heavy industries. Meanwhile, two industries could be benefited including (1) Capital intensive industries; (2) Services. The performance of manufacturing and exporting in the first half year showed above results are quite fit. Industrial manufacturing is the main motivation for economic growth and consumption has improved compared to the previous period. On the contrary, agriculture and fishery…decreased in term of both output and export. Mining kept growth in output but recorded negative growth in export. As a result, the economic growth is on the right track, the further depreciation of dong is not urgent problem, but still a pressure for sure.

This pressure would be intensified from now to the end of this year, relating to chain of inter-linked factors such as the possibility of FED rate hike in September, trade deficit in the rest of this year; the fluctuation of major trade partners (EU, ASEAN, Japan…); the slowdown of China economy. With a consistent view of SBV and current foreign exchange reserves, we support the expectation about the further depreciation of VND should maintain instead of easing up. It is simple that 'sooner or later' situation.

Table 1: Top 10 of the highest and lowest growth in trade in 1H2015

Export			
Coal	-63%	Still image, video cameras and parts	124%
Crude oil	-49%	Machine, equipment, tools and parts	60%
Petroleum	-40%	Manioc	45%
Coffee	-35%	Textile, leather and foot-wear materials and auxiliaries	37%
Clinker and cement	-26%	Wood and wooden products	36%
Fertilize	-18%	Cashew nut	29%
Seafood	-14%	Telephones, mobile phones and parts	27%

Steel	-12%	Other base metals and other base metal products	22%
Rice	-11%	Glass and glassware	22%
Transportation and parts	-10%	Foot-wears	22%
Import			
Crude oil	-74%	Motor vehicles	125%
Ferrous waste and scrap	-45%	Cashew nut	63%
Petroleum products	-43%	Still image, video cameras and parts	37%
Liquefied petroleum gases	-38%	Steel products	29%
Tobacco materials	-34%	Parts and accessories of motor vehicles	25%
Soya beans	-32%	Electric consumer products and parts thereof	23%
Transportation and parts	-31%	Machine, equipment, tools and instruments	17%
Milk and milk products	-22%	Telephones, mobile phones and parts thereof	16%
Parts and accessories of motor vehicles	-22%	Computers, electrical products, spare-parts and components thereof	16%
Pastry cooks, sweets and cereal products	-21%	Corn	11%

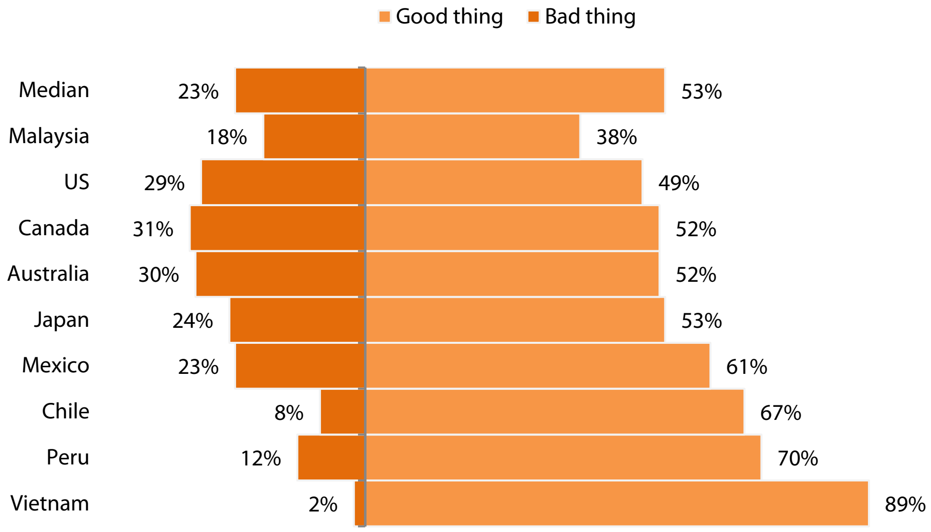
Source: Customs

The deadlock for TPP agreement

The negotiation at ministerial level between countries participating in TPP took place in late 07/2015 ended with no deal. With such result, observers pointed out the risk that the completed agreement on TPP at the end of this year could be missed once more time. Based on the collected information from ministers' statements after the conference, approximately 90-98% of detailed issues have been resolved. However, basic problem remained unresolved for sectors that have significant impact on benefits in participants' economy. Regarding data exclusivity for biopharmaceutical, US requires protection on pharmaceutical industry with patent period up to 12 years, much longer than current standards of TPP members such as Australia, Chile and New Zealand. The opening of Canadian dairy market also does not meet the requirement of New Zealand, US and Australia. Furthermore, the rule of origin issue for cars still faces the debate among Japan, Mexico and Canada or bilateral issues between Japan – US about rice or Australia – US about sugar. Beside the market access issue of industries, the remaining issues relating to labor standards and agricultural commodities have not been resolved.

If fast track authority which was granted to President Obama by US Congress in mid-6/2015 was considered to be the huge step for TPP negotiations, the upcoming events could be seen as a boundary for completion of TPP agreement in 2015: (1) Canadian parliamentary election on 19/10 could limit the opportunity of succeed with issues relating to dairy; (2) under the provisions of TPA, time period for President Obama to inform the Congress is 90-working days before signing TPP; (3) US presidential election takes place in 2016 could postpone TPP further to 2015. Member countries are taking the effort to organize another meeting in late 8/2015; however, we are concerned that the door to reach the agreement on TPP in 2015 is narrowing down. According to Pew Research, Vietnam has the highest support among surveyed countries. Failing to reach the agreement could provide no impact on economic growth but relatively affect the confidence about growth dynamics of Vietnam next year.

Figure 10: General support for TPP

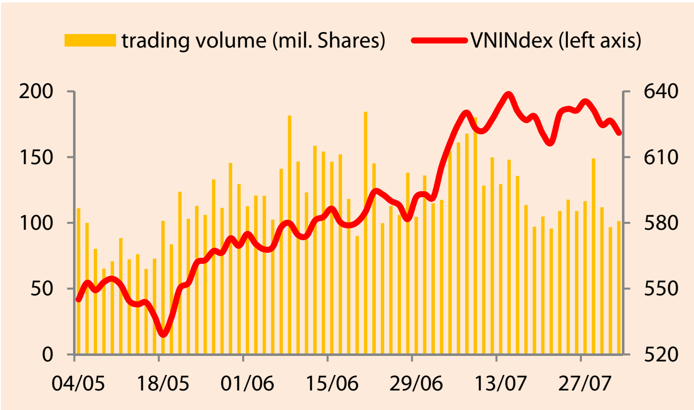


Source: Pew Research Center

THE STOCK MARKET IN JULY: A new higher

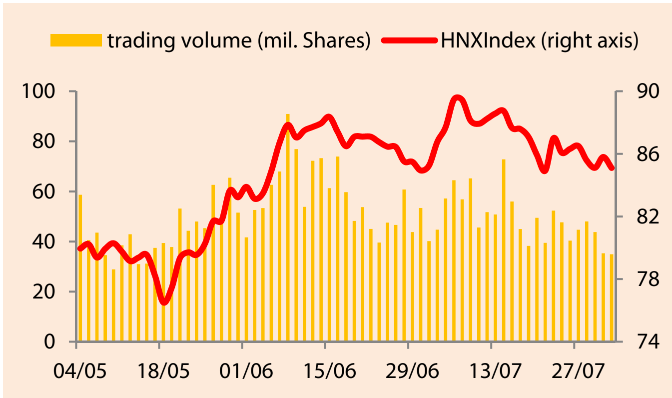
July stock market was divided into two phases: bullish in first half of July and sideway in the later half. In the first half of the month, the market hit a new high (638.7 points), higher than the previous one (600.4 points in 4th March 2015) by 6.7%, thanks to excessive expectations of TPP and FOL. Meanwhile, in the latter half of July, the market lost momentum of price as well as volume in many stocks to retest supply and demand. Accordingly, VNIndex fluctuated between 615 to 635 points and liquidity (as measured by trading volume) in HSX down 22.7% compared with the first half of July. Low liquidity indicated that cash flow left market intentionally. According to volume spread analysis (VSA), suddenly low volume was done by professional players as a test of supply and demand. Thus, we believe the market would create new reasonable level after that test.

Figure 11: VN-Index movement



Source: RongViet Research

Figure 12: HN-Index movement



Source: RongViet Research

As consequence of excessive expectations of TPP and FOL, many leading stocks increased sharply in July. Therefore, despite more losers than gainers (number of losers is 1.2 times as much as gainers' one) most of sector indices (15/19) increased. Additionally, instead of depending on a few leading sectors as previous months, July market witnessed rotation around many industries.

However, apart from sustainable trending stocks as textile (TCM, TNG), food& beverage (VNM, MSN),.., there was an existence of " bull trap", meaning that the stocks, which jumped due to supporting information, but did not remain uptrend in next sessions, such as fishery (HVG, FMC) and pharmaceuticals (DHG, DMC). According to our analyst, in 1H2015, fishery corporations only implemented 20-40% of the 2015 plan. This shifted in the trend familiar the export and import activity when both price and volume declined. However, they will record most of profit in second half of 2015 due to seasonal factor and market movement as analyzed above. We expect positive signal of seafood demand in export market will rise from Q3. Similarly, as seasonal factor, pharmaceutical businesses are expected to push performance in the end of 2015. As of June, 2015, they completed 45-50% of the plan. As our view, competitive pressure makes sales target become significant challenge. However, most of them had strategies of restructuring portfolio, reducing cost; thus, profit records considerable growth and can excess the plan in next quarters.

Table 2: Industry index movement in accordance with two phases of market in July

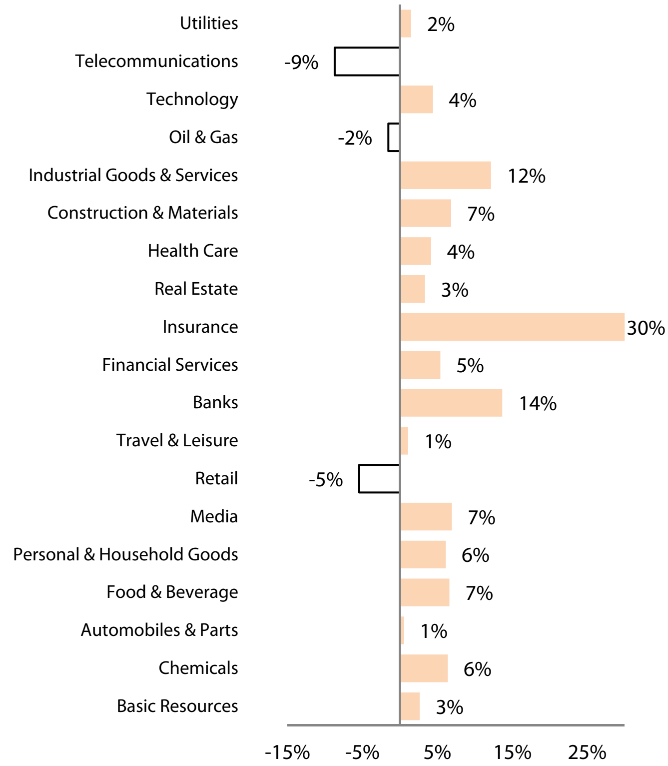
Industry	First half	Second half	First half	Second half
Basic Resources	0	+	0,1%	1,0%
Chemicals	+++	-	7,3%	-2,6%
Automobiles & Parts	0	-	-0,8%	-2,0%
Food & Beverage	++	+	3,9%	1,4%
Personal & Household Goods	+	+	1,7%	1,2%
Media	+	+	2,0%	1,7%
Retail	--	-	-3,5%	-1,9%
Travel & Leisure	-	++	-2,7%	3,9%
Banks	+++	-	12,5%	-1,8%
Financial Services	+	0	1,4%	0,9%
Insurance	+++	---	43,9%	-12,5%
Real Estate	+	0	1,6%	-0,6%
Health Care	0	0	0,0%	0,6%
Construction & Materials	++	++	1,8%	5,0%
Industrial Goods & Services	+++	0	8,4%	0,2%
Oil & Gas	+	--	1,4%	-4,8%
Technology	0	+	-0,5%	1,7%
Telecommunications	NA	NA	-9,1%	0,0%
Utilities	0	++	1,0%	3,3%

Notes:

Symbol	Range	Symbol	Range
0	From -1% to 1%		
+	1% - 3%	-	From -1% to -3%
++	3% - 5%	--	-3% - (-5%)
+++	>5%	---	< (-5%)

Source: RongViet Research

Figure 13: Industry index growth in July



Source: RongViet Research

Besides TPP and FOL news, July market was also supported by positive Q2 business results of listed companies. As our statistics of 103/306 listed tickers, including 5/30 tickers in VN30 (as end of July), companies on HSX recorded PAT increasing 4 times (y-o-y). The four attractive industries were distribution (+447%), F&B (+303%), utilities (+232%) and real estate (+99%). Particularly, F&B was amplified strongly by extraordinary profit of KDC so if not counting that amount, F&B increased by only 35% y-o-y. Meanwhile, on HNX, although number of companies having positive profit was lower than one having negative profit total PAT (179/367 companies in our sample) increased by 24% y-o-y.

Table 3: Key drivers of most attractive industries

Industry	Key drivers
Distribution	Automobile companies recorded impressive profit growth, typically HHS (+1420%), SVC (+204%)
F&B	KDC (+8256%) recorded extraordinary profit from selling its asset VNM (+38%) remained its sustainable 2-digit growth
Utilities	Power sector increased by 394%, typically PPC (494%), CHP (404%), NT2 (52%)
Real estate	Positive growth of small and midcap companies, such as: TKC (+1275%), HQC (+294%), LHG (+140%), NDX (247%)

Source: RongViet Research

Business results of all listed companies will be analyzed more diligently in our August strategy report. However, with that positive preliminary results as well as macroeconomics statistics, we believe that Q2 business operation of all listed companies would be more attractive than last year

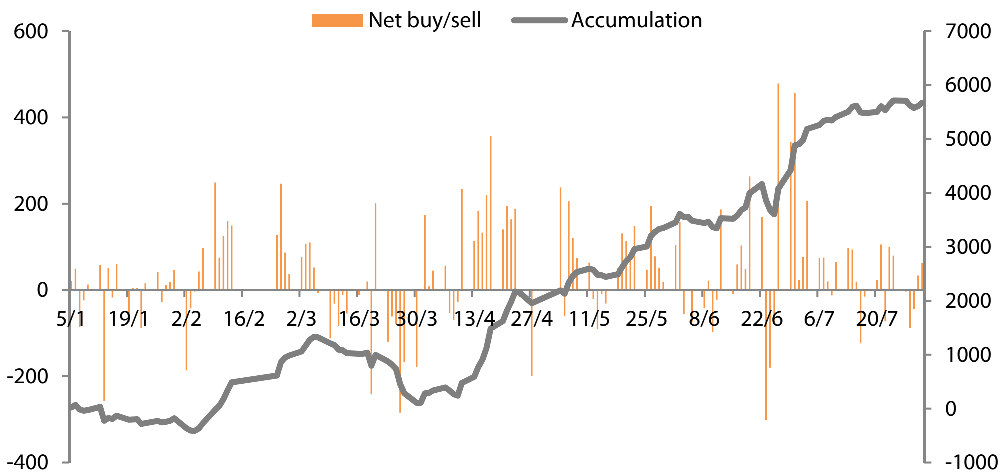
Table 4: Q2 business operation summary in 2014-2015

	HSX		HNX	
	2014Q2	2015Q2	2014Q2	2015Q2
Total number of listed companies		306		367
Number of companies leasing business results	103	103	179	179
Number of companies having positive profit	94	96	154	152
Number of companies having negative profit	9	7	25	27
Total PAT of companies having positive profit	2,197	8,318	1,337	1,652
Total PAT of companies having negative profit	-249	-219	-95	-110
Total PAT of all companies having business results	1,947	8,098	1,241	1,541

Source: RongViet Research

FOREIGN INVESTOR'S ACTIVITY: Cautious before the FED rate hike

Figure 14: Foreign trading activities



Source: RongViet Research

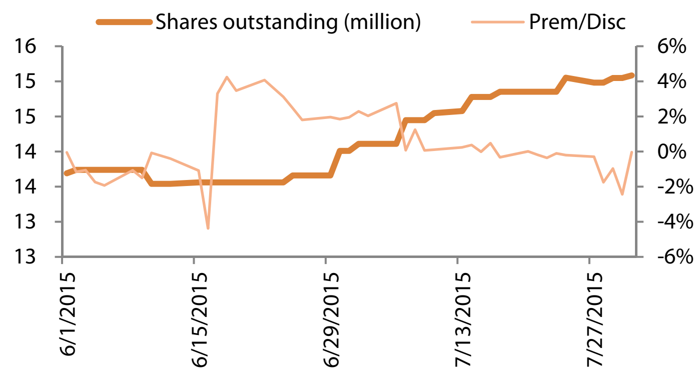
The forecast about the possibility that FED could raise interest rate in the upcoming meeting on 16-17/09 could create the boundary for foreign capital inflow in July. In addition, even though the maximum ownership percentage of foreign investors was raised from 49% to 100% (based on Decree No. 60/2015/ND-CP amends and supplements Decree No. 58/2015/ND-CP), but did not open for all of the segments with no Circular guidance. Such pessimistic information relatively made impact on foreign investors' activities in Vietnam Stock Exchange during 7/2015. Particularly, despite of net-buying positions for the 4th consecutive month, net trading value has significantly declined to VND 792 billion dong, decreased by 48.3% y.o.y. Moreover, net cumulative value from foreign investors in 7 months was VND 5,673.4 billion, dropped 2.7% y.o.y. Several notable stocks that has been bought by foreign investors recently were SSI (VND +504.4 billion), MSN (VND +352.9 billion), DPM (VND +137.4 billion) and PVS (VND +123.6 billion). In contrast, HAG, KDC and VIC continued the net-sell position with VND 473.5 billion, VND 239.2 billion and VND 215.1 billion respectively.

In July, trading activates from both ETFs were relatively positive. Particularly, as mentioned in Strategy report in June, with high level of surplus between price and NAV of fund certificates (FC) during this period, FTSE ETF and VNM ETF has issued additional 1.1 billion FCs (+7.6%) and 1.5 million FCs (+5.2%). According to our estimation, total capital value of both funds increased by approximately 40% compared to previous month, achieved VND 1,800 billion. As a result, Vietnam Stock Exchange received significant support from foreign capital inflow over the first half of July.

The difference between price and NAV has been negative during the last week of July, with -0.04% and -0.94% on 31/7 for FTSE ETF and VNM ETF respectively. Under such trend, we believe that it could be difficult to experience more capital inflow into the market in August, especially with the high chance that FED could increase interest rate in September.

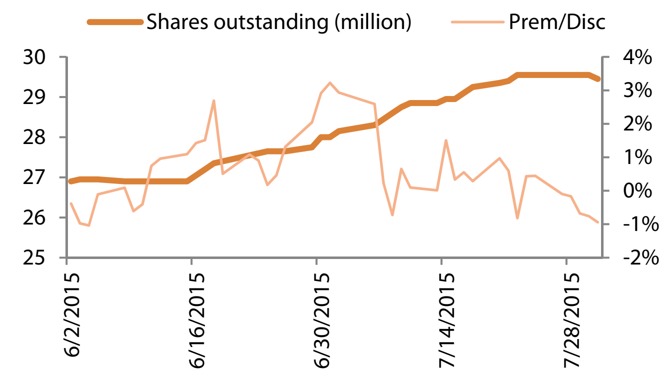
Therefore, August could be the month of decline for foreign investors' trading activities under slight net-buy position.

Figure 15: FTSE ETF



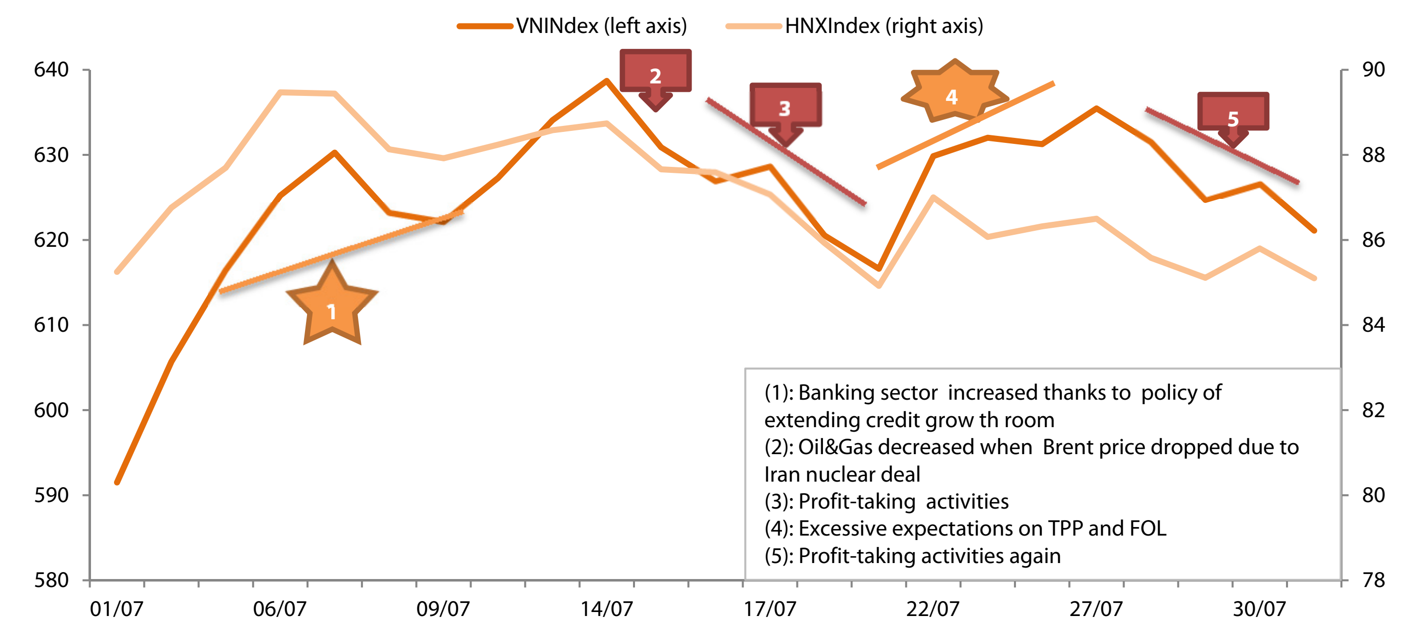
Source: RongViet Research

Figure 16: VNM ETF



Source: RongViet Research

Figure 17: VNIndex and HNIndex movement and relevant news



Source: Rongviet Research

AUGUST STOCK MARKET OUTLOOK: Stock selection weighs as enthusiasm boil

The stock market of July diverged little from our projection in our last monthly report where the uptrends of large-cap, led by bank and insurance stocks could stretch no further than the first two weeks of the month. As the month went on, mid and small-caps stepped up as hopes for TPP talks grew (See Figure 13). Despite their late-blooming strength, these stocks could only kept the warmth in the market rather than igniting a new rally.

For August, we do not see much support for the stock market. First of all, bank and insurance stocks though slowing significantly throughout July, still outperformed VNIndex by 4.7% and 15% respectively; year-to-date the two sector grew 38 and 42 percentage points more than the market gauge. The weakening of these two sectors plus that their not-so-convincing fundamentals should make it hard for bank and insurance stocks to gain much speed this month; the risk of a correction remains though. Second, the breakthough of export and manufacturing mid-caps hinted the presence of speculators, poised by inflated hopes and disappointment over the outcome of the TPP minister-meeting in Hawaii in late July. The sudden but expected drop of these securities signaled the withdrawal of speculative cash, which may be not a good sign for the August stock market. This has been confirmed by detoriorating volume in the last few days.

In summary, we expect a slowdown of small and mid cap in the first half of August. Nonetheless, once frowns over the result of the last TPP meeting are fully reflected, stock prices will diverge by the "stories" of the underlying companies and sectors. On the other hand, the performance of large-caps and blue-chips, whose earnings prospect depend largely on macroeconomic factors, will be tied to foreigners' trading.

The range of fluctuations for VNIndex in August is expected between 593 and 627 and HNIndex 80 and 85.

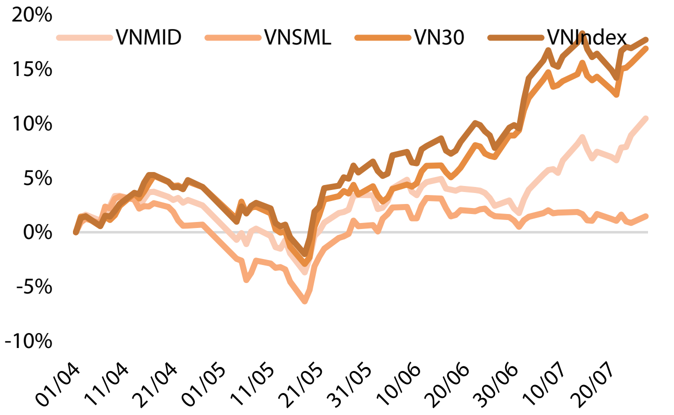
Circular No.07/TT-NHNN (effective 09/08/2015) on the bank guarantee for real estate projects aims to boost housebuyers confidence and liquidity on the property market. On the support of new legistlation like this Circular No.07, we expect the real estate sector to conitnue with positive growth for a foreseeable future.

New movements in the forex market after the FED's rate hike comes into force is seen as a tailwind for importers of vehicles and automobile parts. Given upbeat statistics of car consumption in 1H2015, we are optimistic about the performance of the automotive sector in the coming quarters.

In late August, trade ministers of TPP countires may gather again, trying to lift the remaining blokages on the path to concluding the "trade pact of the century". Until the TPP reach its conclusion, however, investors should stay close to stock and industry fundamentals and avoid being overinfluenced by market swings.

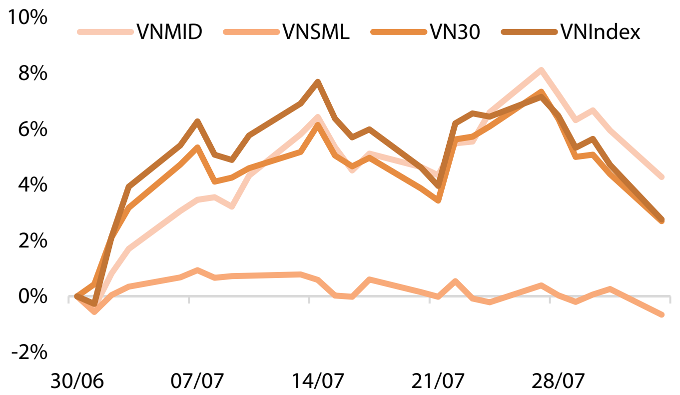
We believe the up days in early August, if there are, will be an opportunity for stockholders to lock in profits since a drop of liquidity could make it very difficult. For long-term investors, there may be opportunities to accumulate on stocks with attractive valuations since a sideways-going market will be more apparent in later days of the month.

Figure 18: 3-month price performance of HSX market-cap indices



Source: HSX, RongViet Research

Figure 19: June price performance of HSX market-cap indices

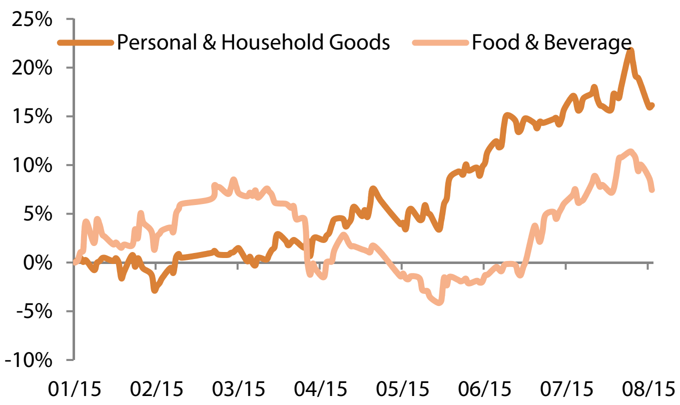


Source: HSX, RongViet Research

BUY OPPORTUNITIES IN THE TEXTLE-GARMENT AND SEAFOOD SECTORS WILL SURFACE IN A CORRECTION

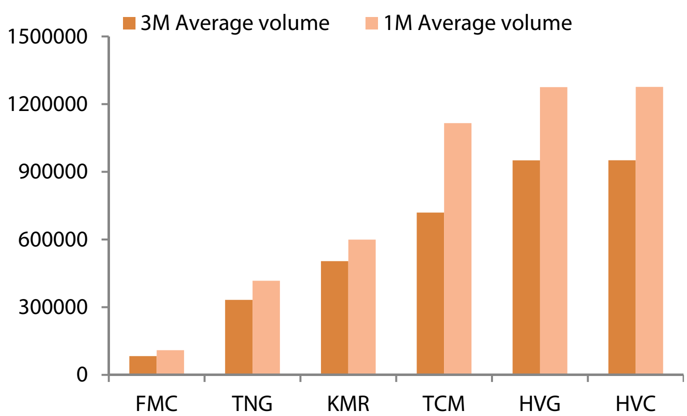
In RongViet Research's *2015 Strategy Report,* concerns were raised that setbacks in the negotiation of the TPP will have possible impacts on the performance of textile-garment and seafood stocks. However, what happened in July pointed to the actions of speculators. TCM, TNG, VHC, FMC, HVG… all rocketed in the third week of July but took a plunge as soon as the Hawaii talks ended; liquidity hiked and trading volume was reported subtantially high than 3-month averages.

Figure 20: Year-to-date performance of the personal and household goods and food indutries



Source: RongViet Research

Figure 21: Average trading volume of export stocks



Source: RongViet Research

In a conference on the 30th of July, the Pangasius Association of Vietnam said it had forecasted 2015 pangasius exports would be about USD1.7 billion where Q3 exports would be around USD452 million and Q4 about USD496 million. The union of catfish exporters also said Vietnam seafood industry would benefit more from free-trade agreements than the TPP. For instance, Koreas will impose zero tarrif on the 2,000th to the 10,000th ton of Vietnamese pangasius in 2016 and to the 16,000th ton by 2022; shrimps and pangasius sold to Russia, Belarus and Kharzastan will also fall under a 10-percent import tarriff bracket. For this sector, we like companies with a high ratio of self-supplied raw materias, including VHC (65%), HVG (65-70%) and FMC (10% but projected to have increased to 19% by 2020).

Similarly, textile-garment companies with ample export orders and the ability to expand their capacity stand to benefit greatly. TNG just started phase 1 of the 35-line Dai Tu factory in February and TCM its new factory in Vinh Long in June (9.6 million pieces/year). GMC announced a plan to upgrade the An Phu factory from 15 to 17 sewing lines in 2016 and to 18 lines in 2018; the capacity of the Ha Lam factory will be expanded to 16 lines this year and 20 line by 2018.

The drop of textile-garment and seafood stocks in early days of August may take hold of investor confidence. However, we believe if the market overreacts to TPP news, bargain opportunities will open to medium and long-term investors, given an optimistic business outlook for these two sectors in 2H2015 and 2016.

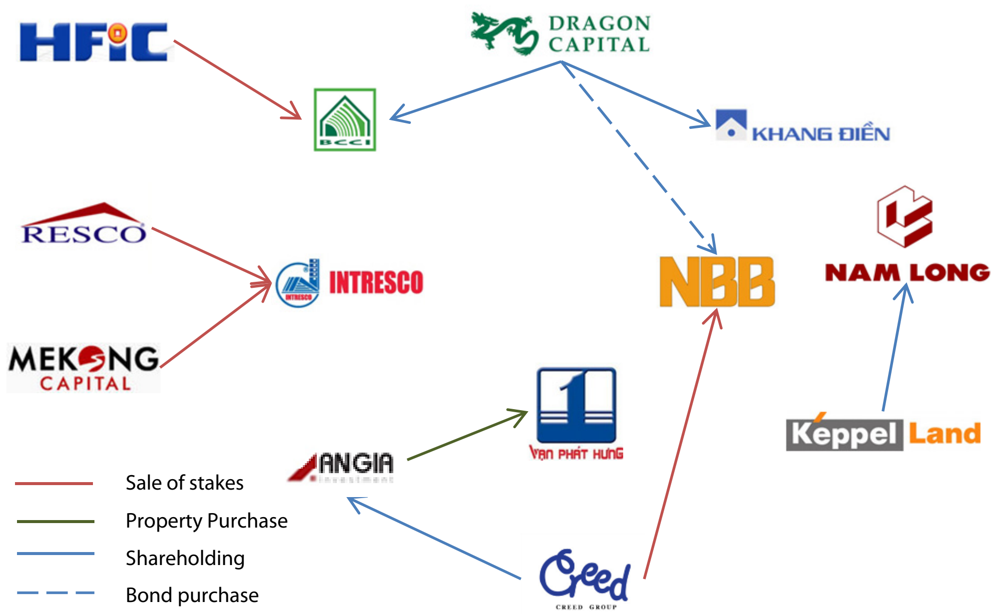
AN M&A TREND AND CIRCULAR NO.07 WILL REFRESH HOPES THE REAL ESTATE SECTOR

From the late-July to early-August, the real estate sector emerged with news of M&As among real estate developers along with a strong wave of FDI inflows. Notably, CII's BOD approved the resolution of increasing the firm's ownership of NBB to 45% in the end of 2015 and 51% in June 2016. Earlier, Japanese Creed Group Fund decreased its ownership in NBB while, on the other hand, investing USD200million for 20% stake in An Gia Investment. An Gia is a new star in the housing market making its market buying both Block 2 and 5 in VPH's La Casa Complex. At the end of July, NLG announced that Ibeworth Pte.Ltd – a subsidiary of Keppel Land Group (Singapore) had bought in 7 million shares to become its biggest shareholder.

On another act, Red River Holdings and HFIC took turn to withdraw from BCI whereas the groups of shareholders under Dragon Capital's umbrella increased their ownership to 17, 02%. Vietnam Azalea Fund transferred away 6.7 million shares ITC while Saigon Real Estate Corporation (Resco) announced the plan to sell its majority stakes.

What BCI, NBB, ITC and NLG have in common is solid land bank in HCMC and adjacent provinces. Apart from NLG, the majority of these companies' shares are trading below or not far away from their book values (the P/B ratios of NBB, BCI and ITC are 1.08, 0.97 and 0.4x respectively). Given the possible lifting of Foreign Ownership Limit (FOL) under Decision No.60/NĐ-CP, these firm's strategic land funds are attracting lots of foreign investors' attention. Recently, NLG submitted a request to the State Securities Commission (SSC) to unfreeze the firm's FOL, increasing the "room" for foreign investors from 45% to 49%. This is considered a move to create more space for Keppel Land in NLG.

Figure 22: Notable real estate sector M&As



Source: RongViet Research

In July 2015, the SBV promulgated Circular No.07/TT-NNN regarding bank guarantee for developing properties (effective August 09 2015). Under this legislation, commercial banks may be liable for a full refund to property buyers if the property developers under its baking fail to hand over products on time. Circular No.07 is considered as another incentive for the property market. Bank guarantees will likely increase the success rate of less liquid projects and support bad debt recovery efforts.

Recently, there have been guarantee contracts signed by real estate companies and banks, for example Techcombank guarantees The Masteri Thao Dien; OCB, ACB, HDBank guarantees for Sacomreal project, or the contracts between Eximbank and KDH, VPBank and Novaland, DongA Bank and PDR to guarantee and finance for home buyer of EverRich 2 and 3.

In the long term, M&A trend and the new regulatory framework will orientate Vietnam's housing market to be more transparent and improve the efficiency of real estate corporations, whose business in the past, was based largely on relationship and cheap land but lacked of a long-term vision. In addition to improving business performance, we expect the factors to continue to spur real estate stocks in later months of 2015.

BUILDING MATERIAL AND AUTOMOTIVE COMPANIES WILL SEE POSITIVE GROWTH RATE IN THE LAST 6 MONTHS OF 2015

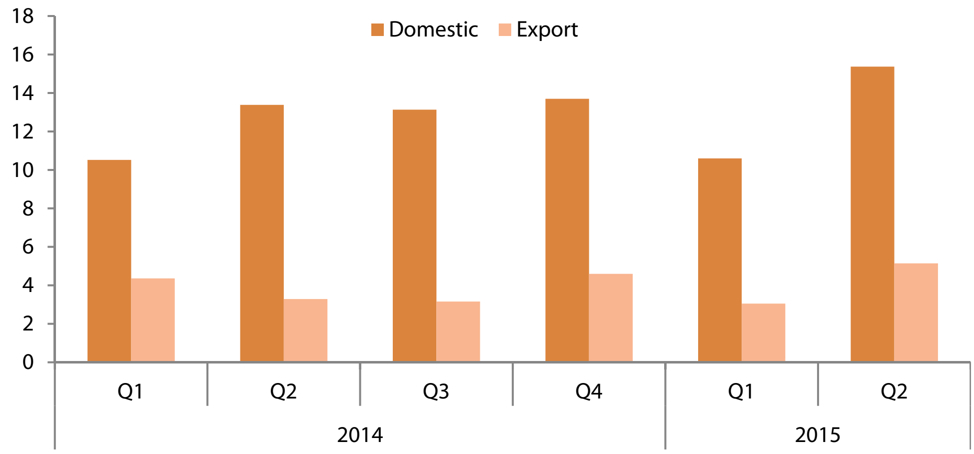
The upward trend of the USD against other currencies has been a positive factor for several **automotive importers and retailers**. In fact, the 13.2% depreciation of the JPY compared to the USD since the beginning of 2015 has improved the profit margin of HTL, a company imports components and distributes Japanese trucks (Hino), from 9.2% (Q4/2014) to 11.1% (Q2/2015). The possibility that USD will appreciate against JPY after the FED's rate hike can continue to advantage automotive companies who use JPY for imports. On the other hand, the commitment from the State Bank to maintain USD/VND exchange rate within a 2% band will support companies who import components (TMT) and completed units (HHS, HAX) in USD.

During the last 6 months of 2015, business results of companies in this industry could be more positive than in the first half of this year. According to the Vietnam Automobile Manufacturers' Association (VAMA), total automotive unit sales increased by 58% year-on-year over the last two quarters; specialized, commercial and tourism cars recorded 136%, 755 and 45% year-on-year growth respectively. HHS and TMT are expected to achieve positive results in Q3 and Q4 when HHS expands starts distributing high-end tractors for International (US) while TMT shifts to low-end cars from TATA (India). However, the possible enact and implementation of special consumption tax which is higher than luxury cars (3L cylinder) may affect several companies which distribute passenger cars such as SVC or HAX.

Business results of **building material** companies the first 6 months of 2015 also shown the positive improvements compared to the same period last year. Regarding the cement industry, output in the six months ended in June reached 34.16 million tons (+6%); domestic consumption reached 25.97 and export 8.19 million tons, both increased by 5% y.o.y. Leading companies such as HT1, BCC, HOM, BTS recorded positive business results in Q1 and Q2 due to optimistic growth in consumption. Their profit margins also expanded thanks to (1) a decline in interest expense; (2) VND/EUR foreign exchange gains. Growth in business results of plastic construction pipe producers was also optimistic where BMP recorded a volume increase of 16.2%, PBT growth of 42% y.o.y. In the long term, BMP's prospect can also come from the operation of Long An factory in 3Q2015. NTP also announced 11.5% increase in revenue and 5% in NPAT. BMP and NTP are the stocks have seen high expectations from investors due to the possible extension of the foreign "room".

Even though Q3 is the rainy season and thus the off-peak period of construction activities, we still expect **building material** companies to record better business performance than in the same period of 2014. Q4 is again the peak season for the construction industry; therefore, revenue and profit of material manufacturers are forecasted to exhibit strong growth. However, it should be noted for the cement industry that cement importing price have decreased slightly due to stronger demand in US, EU and Japan markets (appreciation of USD) while the supplies from India, Thailand and Indonesia have been on the rise.

Figure 23: Cement consumption by quarter (million tons)



Souce: Cement Association of Vietnam, RongViet Research

UNFAVORABLE WEATHER CAN AFFECT THE OPERATION OF THERMAL POWER PLANTS IN THE NORTH.

Recent meteorological developments make us pay more attention to **power companies**. Major floods in Quang Ninh over the last few days have affected coal mining and transporting activities, which in turn disrupted the coal supplies of several thermal power companies in Northern areas such as Pha Lai (PPC), Ninh Binh (NBP), Duyen Hai 1, Vinh Tan 2, Nghi Son and Vung Ang.

According to the information from EVN, coal reserves from several thermal power plants are enough for 5-20 days of consumption. In addition, the main coal mines in Quang Ninh are expected to recover the supply in 1 week. Vinacomin, EVN and PVN with General Department of Energy implemented using coals from Vang Danh, Uong Bi, Mao Khe mines and mixed coals to supply power plants. Therefore, the possibility of raw material shortage is relatively low and could be easily overcome. However, which concerns us most is the significant decline in electricity consumption in Northern area due to the damage on traffic and infrastructure in the floods. Therefore, despite of enough resources for production, thermal power plants in Northern area could not be utilized at the high level.

In Southern areas, electricity output from thermal power plants has been at high level (approximately 152,09 million kWh/day) since early June. Production and consumption data since early 2015 showed some stability in mobilized output from natural gas power plants, even during the worst part of the rainy season. Consequently, we do not expect that EVN to mobilize more from these plants to compensate for output possible shortage from Northern plants.

Furthermore, recently, average electricity selling price in the wholesale market has been on an uptrend. Hydropower thermal power plants can thus benefit from increasing prices. As a result, power plants in the Central and Southern areas could not only maintain output but also take the advantage of increase in electricity price to improve profit margin. There are several listed companies could benefit from such factors such as CHP, SHP, VSH, SJD, TMP and NT2.

Table 5: Coal stockpiles of Northern thermal power plants

Plant	Coal stockpiles (ton)	Consumed coal /full-capacity turbine/day (ton)	Days remaining With current stockpiles
Uong Bi	58.200	3.100	One 330 MW turbine in 20 days
Quang Ninh	65.500	3.100	Turbine 1 and 2 in 7 days
Nghi Son	112.000	3.000	2 turbines in 15 days
Hai Phong	152.000	3.000	3 turbines in 15 days
Pha Lai 1	92.000	1.500	4 turbines in 15 days
Pha Lai 2	122.000	3.100	2 turbines in 15 days
Ninh Binh	22.000	380	3 turbines in 16 days
Mong Duong 1	22.600	700	Still on pilot run
Duyen Hai 1	97.000	5.000	2 turbines in 10 days
Vinh Tan 2	25.000	6.000	1 turbines in 4.5 days

Source: EVN, RongViet Research

Table 6: Key particulars of stock sectors

No.	Sector	Price performance*			Profitability		Growth		Valuation*	
		1M (%)	3M (%)	6M (%)	ROE (%)	ROA (%)	+/- Rev. 1Q15 (%)	+/- NPAT 1Q15 (%)	P/E	P/B
1	Nonlife Insurance	18.0	32.2	51.8	4.2	1.2	46.4	-13.3	26.0	2.5
2	Gas, Water & Multiutilities	10.1	14.2	21.3	19.7	8.6	-21.8	54.9	23.0	1.7
3	General Industrials	9.4	11.8	7.5	5.1	1.9	8.6	-4.0	33.6	3.4
4	Support Services	8.2	3.1	24.0	19.9	7.5	12.1	28.8	13.9	1.4
5	Banks	7.7	31.1	55.6	0.0	0.0	4.5	7.8	18.1	2.1
6	Construction & Materials	7.2	18.2	42.7	18.0	5.8	25.6	223.1	9.4	1.3
7	Industrial Transportation	5.9	8.5	23.3	17.7	8.4	1.6	49.1	7.5	1.4
8	Industrial Engineering	5.2	25.6	86.7	140.3	32.7	57.7	142.6	8.3	2.3
9	Food Producers	4.1	8.6	11.7	6.3	3.1	5.1	6.7	16.2	4.1
10	Forestry & Paper	4.0	12.4	46.3	119.0	70.0	13.5	47.7	5.7	1.0
11	Household Goods & Home Construction	3.5	11.7	25.8	109.9	54.9	29.2	52.2	8.3	1.6
12	Chemicals	2.8	4.7	37.5	8.2	4.8	39.5	39.4	8.2	1.2
13	Beverages	2.3	-14.3	7.7	10.6	7.2	7.1	-80.0	14.9	2.9
14	Media	2.2	3.5	10.2	86.1	43.4	30.1	434.3	12.4	1.2
15	Travel & Leisure	1.6	3.3	-5.6	74.5	36.2	5.1	10.1	10.6	1.9
16	Electricity	1.6	-1.0	0.3	5.3	2.9	-6.5	-51.4	7.5	1.4
17	Mining	1.3	-1.6	-2.2	7.9	3.1	14.0	-13.3	5.0	5.7
18	Tobacco	0.4	-3.9	3.0	39.3	13.8	-26.8	-32.4	7.2	1.2
19	Real Estate Investment & Services	0.2	5.6	10.5	9.1	3.2	16.8	-23.7	26.1	2.7
20	Aerospace & Defense	0.0	9.8	6.2	17.5	7.1	113.3	410.3	10.9	1.5
21	Fixed Line Telecommunications	0.0	-6.9	10.2	7.7	6.1	-0.5	189.1	1.8	0.2
22	Software & Computer Services	-0.2	20.6	35.5	7.2	2.7	34.9	25.6	11.1	2.1
23	Pharmaceuticals & Biotechnology	-0.6	-7.2	-8.3	20.5	9.2	2.3	10.0	11.2	2.4
24	Financial Services	-0.8	12.3	21.5	9.8	6.2	-2.6	-36.9	16.2	1.6
25	Technology Hardware & Equipment	-1.7	0.3	19.0	25.0	12.0	47.5	406.4	13.8	1.0
26	Electronic & Electrical Equipment	-2.0	-7.7	-5.0	21.7	9.5	27.8	17.9	14.4	3.8
27	Oil Equipment, Services & Distribution	-2.3	-1.4	-8.9	8.8	3.8	-6.4	2.9	6.7	1.3
28	Personal Goods	-2.8	6.1	13.0	165.2	70.4	-4.5	36.9	13.0	2.3
29	Health Care Equipment & Services	-3.5	-59.6	-47.4	4.5	3.3	40.7	208.5	3.5	0.7
30	Automobiles & Parts	-4.1	-2.6	1.8	11.2	5.3	8.1	-11.1	10.2	2.5
31	Industrial Metals & Mining	-5.1	1.3	-16.0	8.8	2.3	4.7	-258.6	8.2	0.6
32	General Retailers	-5.8	-7.1	-12.5	24.9	11.2	5.5	195.6	10.2	2.0
33	Oil & Gas Producers	-6.1	-10.7	-15.6	8.1	5.7	-2.1	-17.5	8.6	2.9

Source: RongViet Research
**Trailing, as of 03/08/2015*
***As of 1Q2015*

As the gloomy sentiment in TPP-related stocks spreads, the stock market may find it difficult to step up in early days of August. Liquidity may continue deteriorating as cash holders may decide to wait until the market regains balance, or at least stops falling. Though small and mid-caps have just begun to weaken, we notice that larger stocks have slowed to sideway movements since mid-July. Trend-followers may consider returning to the these issues when (1) foreigner trading strengthens and (2) there are more positive signs on the macroeconomy.

On the contrary, long-term investors can still find buy opportunities in the sectors with positive business outlook:

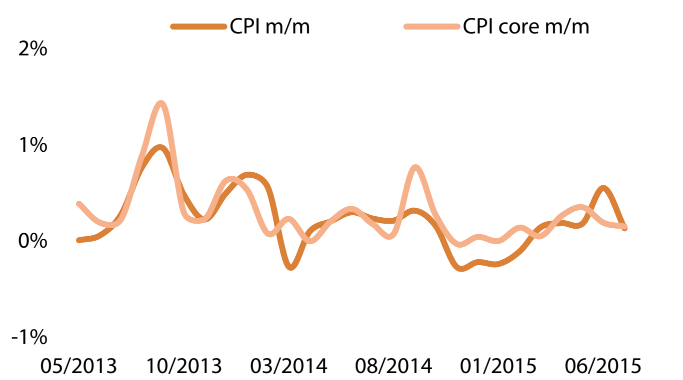
- From a relative point of view, the fact that export stocks picked up subtantially in July does not make these issues expensive at all. At its July peak, TCM traded at 10.7 times its projected EPS (as compared to 9.0 times at the end of June). Similarly, even on their best days, VHC and FMC traded at P/E ratios (forward) of only 9.6x and 7.1x. Trailing P/E of the respective sectors are now 12.6x and 9.3x. If negative news continues to spread on TPP talks, such stocks could retreat to much more attractive price levels.
- Aside from the steel industry, bulding material firms have shown optimistic growth. Leading cement producers like HT1, BCC, HOM and BTS have reported fast-expanding sales and widened net margins. As the largest plastic pipe producers in the South of Vietnam, BMP saw recorded revenue and PBT growth in 1H2015. Like NTP, BMP's stock price may benefit greatly from the possibility of FOL extension.
- Stocks of automotive retailers are also on many supportive factors. While distributors like HHS, SVC, TMT and HAX have been favored by growing vehicle demand, HTL has a chance to increase its profitability as the JPY depreciates.
- Weather conditions in Quang Ninh in the last few days have adversely affected the operation of thermal power plants in the North such as PPC and NBP. However, the extent of such effect may not last. Meanwhile, Southern plants like NT2, SHP, CHP, SHP, VSH, SJD and TMP may be advantaged by the uptrend of power price in the wholesale market.

As the market turns unfavorably, the fundamentals of each firm and sectors will be the only place stock prices can hold on to. Investors are advised to shift their attention to stocks (1) in industries with positive medium and long-term prospect, (2) have optimistic H2 earning outlook and (3) are attractively valued compared with the overall market. RongViet Research's top picks include:

- Textile-garment: TCM, STK and TNG
- Real estate: BCI, KDH, NBB and VPH
- Construction: LCG
- Building materials: DNP, BMP
- Oil & Gas: PLC, PGS
- Utilities: NT2
- Retail: SVC
- Others: SKG, VSC, DHC, BMI, VSC

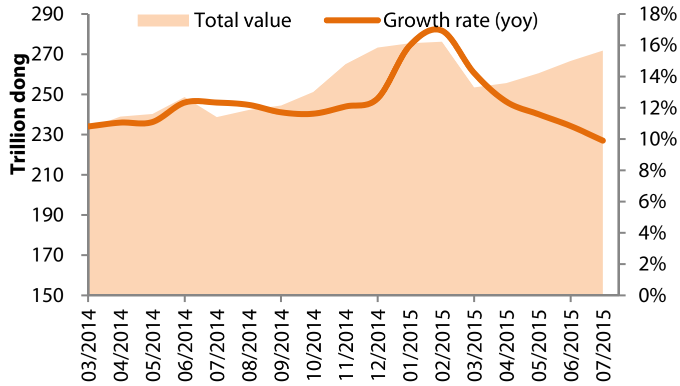
JULY MACRO WATCH

Core inflation jumped 0.05%



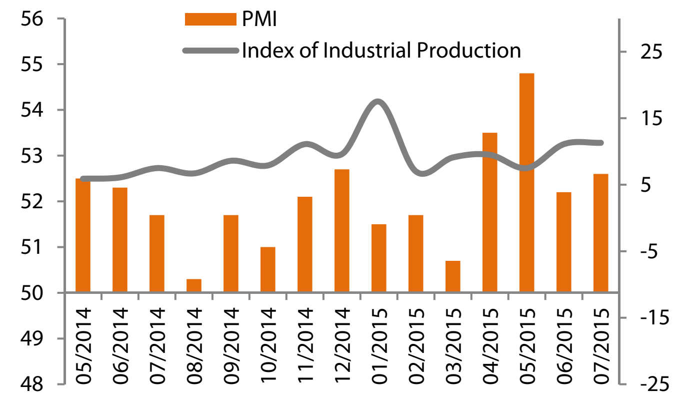
Sources: GSO. Rongviet Securities database

Retail Sales experienced a stagnation



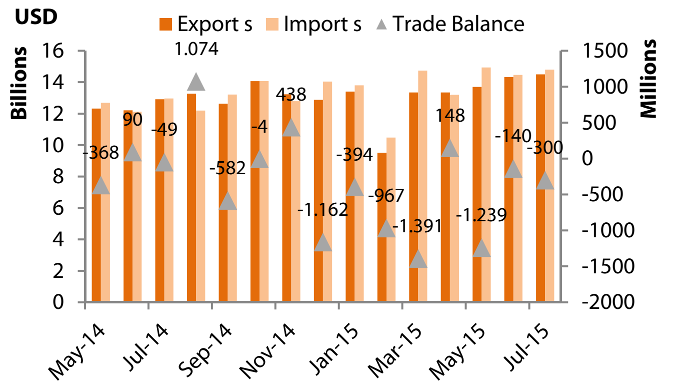
Sources: GSO. Rongviet Securities database

IIP increased by 11.3% yoy



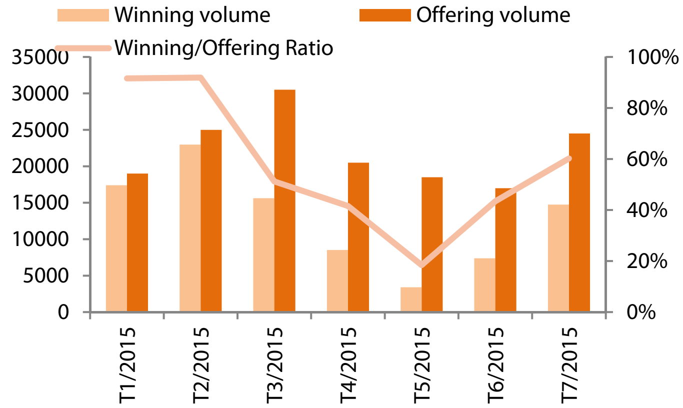
Sources: GSO. Rongviet Securities database

Trade deficit continued



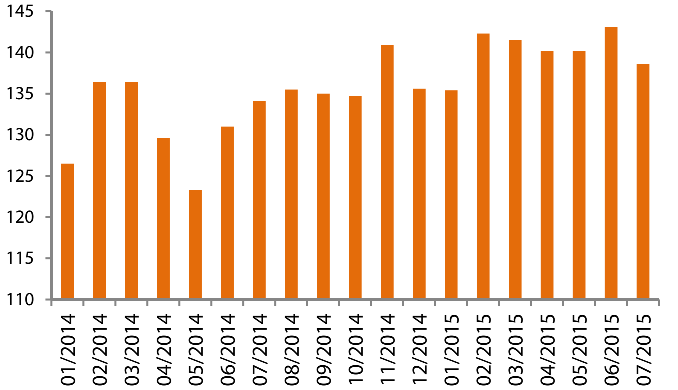
Sources: GSO. Rongviet Securities database

Government bond's winning/offering ratio improved



Sources: VBMA. Rongviet Securities database

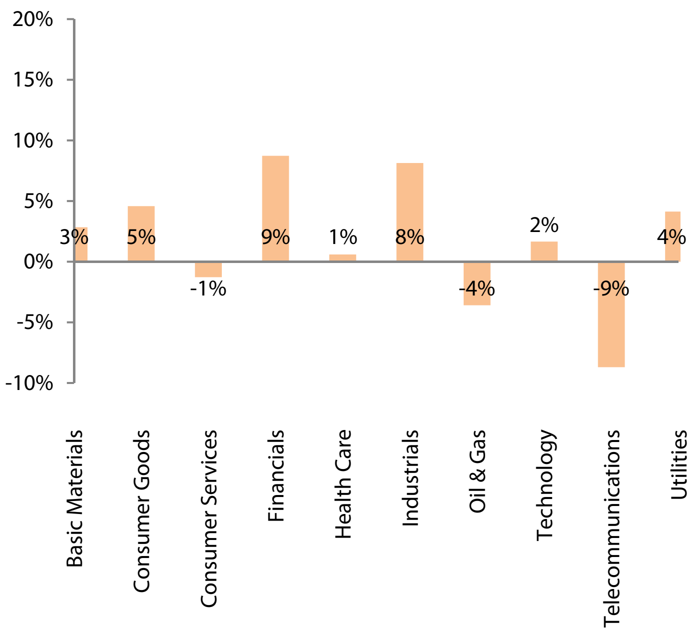
Consumer confidence improved



Sources: SBV. Rongviet Securities database

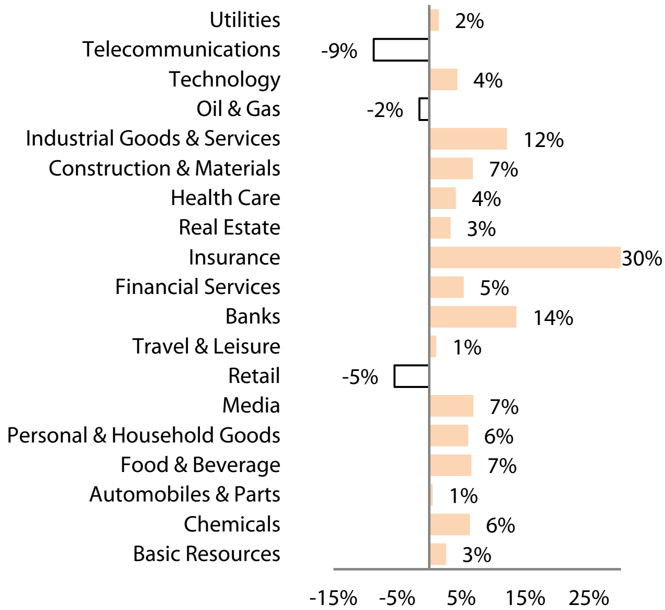
Industry Index

Level 1 industry movement



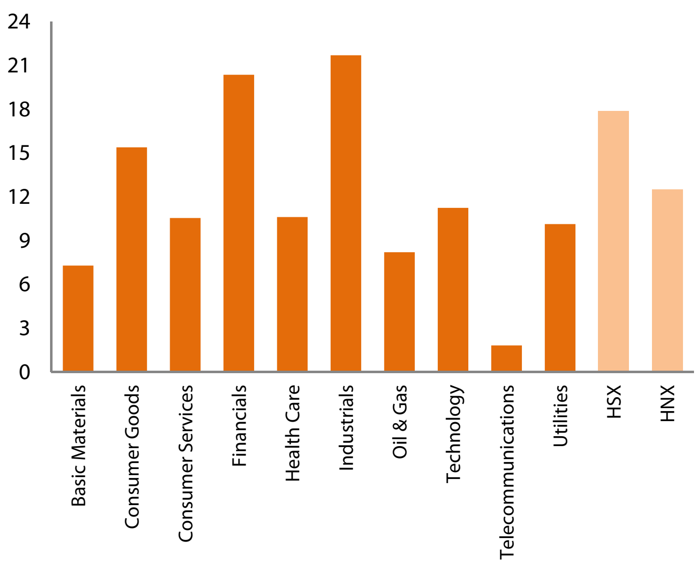
Source: RongViet Research

Level 2 industry movement



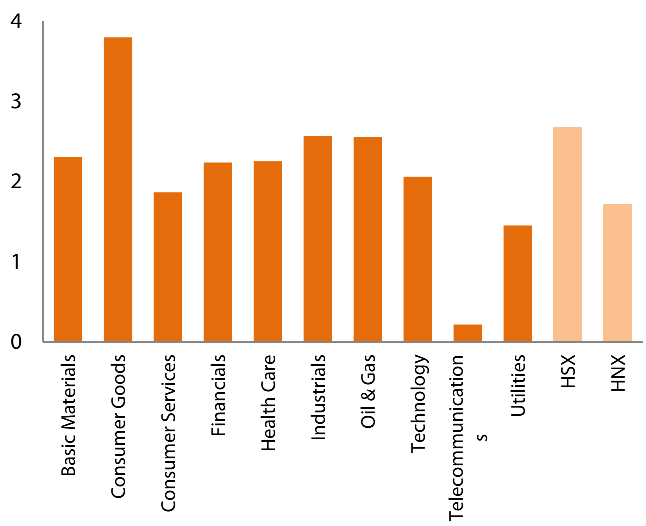
Source: RongViet Research

Industry PE comparison



Source: RongViet Research

Industry PB comparison



Source: RongViet Research

HIGHLIGHT STOCKS

Fundamental stocks with earning outlook from stable to positive

STT		2Q2015 results (VND bn)		2Q2015 growth (% yoy)		3Q2015 Profit trend		Trailing P/E	P/B (*)	Market price (VND/share) (04/08/2015)	Valuation	Recommendation/Outlook
		Revenue	NPAT	Revenue	NPAT	vs 3Q14	vs 2Q15					
1	CSM	1,255.6	105.4	60%	16%	+	+	7.2	1.8	31,500		Neutral - Intermediate term
2	DRC	910.7	115.1	5%	16%	+	+	12.2	3.1	49,500		Neutral - Intermediate term
3	HBC	-	-	-	-	+	+	11.9	1.0	17,100		Unoptimistic-Intermediate term
4	HT1	2,063.0	146.5	19%	1197%	+	+	10.2	1.7	22,300		Optimistic-Intermediate term
5	BMP	-	-	-	-	+	+	10.3	2.3	91,000	87,700	Accumulate-Long term
6	NTP	-	-	-	-	+	+	7.4	1.9	48,800	64,500	Accumulate - Long term
7	CII	-	-	-	-	+	+	12.8	1.8	26,500		Optimistic-Long term
8	BCE	75.7	2.5	-47%	-73%	+	+	23.2	0.7	8,000		Stable-Long term
9	TNG	500.5	23.1	56%	44%	+	+	7.2	1.7	26,100		Optimistic-Long term
10	TCM	-	-	-	-	+	+	10.9	2.1	36,500	42,500	Buy-Long term
11	GMC	-	-	-	-	+	+	6.9	2.1	47,000		Optimistic-Long term
12	PNJ	-	-	-	-	+	+	12.4	1.9	35,200		Stable-Intermediate term
13	GMD	-	-	-	-	+	+	6.9	0.8	33,500	44,400	Optimistic-Long term
14	VSC	-	-	-	-	+	+	8.5	1.7	53,000		Optimistic-Long term
15	TCL	-	-	-	-	-	-	5.6	1.1	28,900		Optimistic-Long term
16	HVG	-	-	-	-	-	+	10.1	1.4	19,700		Stable-Intermediate term
17	VNM	-	-	-	-	+	+	17.1	5.5	117,000	110,000	Stable-Long term
18	DBC	-	-	-	-	+	+	5.8	0.9	24,900	30,000	Stable-Long term
19	PET	2,867.4	69.0	-8%	21%	+	-	7.6	1.0	17,200		Stable-Long term
20	FPT	4,488.0	712.0	33%	67%	+	+	10.8	1.9	47,000	61,000	Buy - Long term

21	CMI	-	-	-	-	-	+	5.2	0.9	10,400		Optimistic-Long term
22	GDT	73.4	11.8	9%	-14%	+	+	8.9	2.2	38,500	41,300	Neutral-Intermediate term
23	PGS	-	-	-	-	+	+	8.5	1.0	21,200	25,000	Accumulate-Intermediate term
24	PVS	-	-	-	-	+	-	6.1	1.0	25,100		Optimistic - Short term
25	PXS	598.2	47.2	14%	15%	-	-	7.4	1.4	20,500	22,000	Neutral - Short term
26	NBB	-	-	-	-	+	+	104.2	1.1	23,500	26,800	Accumulate-Long term
27	DXG	-	-	-	-	+	+	9.9	1.3	18,300		Optimistic-Intermediate term
28	NTL	-	-	-	-			29.1	1.1	14,200		Unoptimistic-Intermediate term
29	VIC	-	-	-	-	+	+	32.0	2.2	43,000		Optimistic-Long term
30	HPG	-	-	-	-	+	-	8.1	1.3	32,600		Optimistic-Intermediate term
32	REE	-	-	-	-	+	+	7.8	1.4	28,100	29,700	Accumulate-Intermediate term
33	PVD	-	-	-	-	-	-	6.6	1.1	42,900	57,400	Accumulate - Long term
34	BID	-	-	-	-	+	+	12.9	1.9	23,700		Optimistic-Long term
35	APC	-	-	-	-	+	+	8.5	1.3	18,600	22,000	Stable-Intermediate term
36	CNG	245.4	35.5	-12%	36%	+	+	6.9	2.1	30,000		Accumulate-Long term
37	DHC	161.2	21.1	11%	71%	+	+	7.1	1.5	25,500	26,200	Accumulate-Intermediate term
38	DIG	-	-	-	-			76.1	0.9	11,700		Stable-Long term
39	PAC	601.2	27.6	12%	28%	+	+	9.3	1.6	26,800	27,500	Neutral-Intermediate term
40	SVC	-	-	-	-	+	+	7.0	0.5	20,500		Optimistic-Intermediate term
41	GSP	+	+	-	-	+	+	11.7	1.0	13,000	16,600	Optimistic-Long term
42	DPM	-	-	-	-	+	+	9.7	1.2	30,600	36,100	Accumulate-Intermediate term
43	SFG	-	-	-	-	-	-	5.8	1.0	14,000		Stable-Long term
44	LAS	1,417.6	96.6	5%	63%	+	-	5.4	1.6	28,100		Stable-Long term
45	SKG	91.5	54.4	48%	92%	+	-	9.5	3.3	56,000	64,300	Accumulate-Long term
46	VNS	-	-	-	-			7.3	1.4	32,900		Optimistic-Long term
47	DPR	-	-	-	-	-	+	6.7	0.6	32,000		Neutral-Long term

48	VPH	62.4	-2.0	15%	-76%	+	+	30.0	0.7	7,900	15,300	Accumulate-Intermediate term
49	PLC	-	-	-	-	-	-	7.3	2.1	33,600	34,500	Neutral-Intermediate term
50	HMH	-	-	-	-	-	-	5.7	1.0	21,300	33,800	Buy -Long term
51	PCT	-	-	-	-	+	+	9.6	0.8	8,800		Optimistic- Intermediate term
52	HSG	-	-	-	-	+	-	8.3	1.7	41,600		Optimistic- Intermediate term
53	MWG	5,345.0	225.0	53%	58%	+	+	13.2	4.7	71,000	101,000	Buy-Intermediate term
54	VTO	-	-	-	-	+	+	9.2	0.5	7,100		Monitor - Intermediate term
55	NT2	1,986.1	119.0	37%	52%	+	+	4.4	1.4	24,900	30,200	Buy -Long term
56	SVC	-	-	-	-	+	+	7.0	0.5	20,500	24,100	Accumulate-Intermediate term
57	FMC	730.0	15.7	6%	-17%	+	+	6.1	1.2	23,300	27,000	Accumulate-Intermediate term
58	DNP	-	-	-	-	+	+	6.0	1.0	17,000	21,900	Buy -Long term
59	BMI	-	-	-	-	+	+	13.1	0.7	20,500	23,000	Accumulate-Intermediate term
60	LCG	-	-	-	-	+	+	30.9	0.6	7,600	9,500	Accumulate-Intermediate term

Nguồn: Stockplus, RongViet Research

05/08/2015

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