SEPTEMBER

16

WEDNESDAY

"Markets to hold ahead of Fed meeting"

Tuan Huynh

+ 84 8 6299 2006 | Ext: 1318

Tuan.hm@vdsc.com.vn

ADVISORY DIARY

- **Update on trading balance of Vietnam in August**
- **Markets to hold ahead of Fed meeting**

Update on trading balance of Vietnam in August

Today, General Department of Customs published the statistics about Imports-Exports in August. According to this report Vietnam had the trade surplus of USD 346 million, with the total value of exports achieved USD 14.48 billion (+2% y.o.y) and imports reached USD 14.13 billion (+9.1% y.o.y) in August. The reasons mainly came from the improvement of export value in several products such as electronic and technology; particularly telephone and components (USD 3 billion) and computers (USD 1.42 billion), equivalent to 64% and 44% respectively compared to July. The import growth could meet the production demand for the shopping session at the end of this year. Over the next few years, we believe this value could grow higher, especially when Samsung starts to operate the complex of electrical appliances since 3/2016. However, over the first 8 months of 2015, Vietnam still has the trade deficit of USD 4.12 billion, with total exporting and importing growth rate have been 9.5% and 17.1% respectively.

The commercial correlations between Vietnam and countries signed FTA with Vietnam and economies, which account for high proportion in Vietnamese trade balance.

Countries participating in TPP agreement: Vietnam recorded trading surplus with them at USD16.65 billion (+2.7% yoy) in the first 8 months. Trade between those countries and Vietnam was so active. In exporting side, Vietnam's exports to countries grew positively, such as: Mexico (+38.2%), Canada (+24%), Singapore (+22.6%), USA (+18.5%). In importing side, total imports from TPP countries also grew by over 12%.

Countries in EU: Vietnam also recorded surplus of over USD13.1 billion, up 6.8% yoy.

China, South Korea and ASEAN: are three major markets that Vietnam had trade deficit. Vietnam kept deficit trading account at respectively USD 21.5 billion (+24.1% yoy), USD 13.2 billion (41% y-o-y) and USD 3.33 billion (+29.3%)

From our observation, we think that Vietnam trade status to EU and TPP member countries would likely to at least remain surplus or growing. However, the national trade balance would highly likely finish at USD7-8 billion in deficit (mentioned in Rongviet Research macro report dated on September 11, 2015) due to large trade deficit to partners such as China, S.Korea and ASEAN. Also, pressure on VND exchange rate to major currencies could be piling up after China's last month move in devaluating the Yuan given the relatively large trade value between Vietnam-China. Moreover, we see that major FDI investors in Vietnam such as Japan, China and S.Korea increase export to Vietnam, typically Japan trading status to Vietnam changed to export. This could have been caused by these FDI investors import machinery for manufacturing from abroad to Vietnam.

Markets to hold ahead of Fed meeting

Investors are standing outside and observing tomorrow Fed minutes (17/09). Stagnant movements limit impact of domestic economic news on markets. Same as yesterday: no news to get excited about. Therefore, trading volume was only 62.1 million shares on HOSE and quite the same in HNX with 25.1 million shares.

In September Investment Strategy, according to viewpoints of members who have voting rights in FOMC and arguments on foreign exchange rate adjustments, we believe that FED will be cautious about the decision to hike rates. Updating probability of FED's decision from Bloomberg (*), we notice that only 32% chance FED raising interest rates. If this happens, Bloomberg experts calculate 68% probability FED adjusts rates no more than 0.25%. However, there is still high chance (62.3%) of rate changes completed within 2015.

(*) Traders from around the world use Fed funds futures contracts, which are traded in Chicago Exchange, to estimate probability of hiking rates. In global market, these futures are commonly used by banks and bond invested funds to hedge against short-term rate risks.

Table: Probability of FED rate hike

Meeting	Prob of move	Probability						
		0 - 0.25	0.25-0.5	0.5-0.75	0.75-1	1-1.25	1.25-1.5	1.5-1.75
17/09/2015	32.0	68.0	32.0					
28/10/2015	42.9	57.1	37.8	5.1				
16/12/2015	62.3	37.7	44.3	16.2	1.7			
27/01/2016	68.3	31.7	43.3	20.7	4.1	0.3		
16/03/2016	80.4	19.6	38.9	29.3	10.4	1.7	0.1	
27/04/2016	83.1	16.9	36.2	30.6	13.0	2.9	0.3	0.0
15/06/2016	89.9	10.1	28.5	32.8	20.1	7.0	1.4	0.1
27/07/2016	91.7	8.3	25.2	32.1	22.4	9.3	2.4	0.4
21/09/2016	95.0	5.0	18.4	29.3	26.2	14.5	5.2	1.2
02/11/2016	96.4	3.6	14.8	26.4	27.1	17.7	7.7	2.2

Source: Bloomberg

We notice that that probability is just as a reference but not a fundamental factor for FED's decision at FOMC meeting since that decision is based on many variables including economic and political factors.

Regarding to market sentiment in next days, it is more likely that market will witness some high volatility sessions and then turn to be more balanced and higher liquidity. The reason is that short term impact (FED rate hike and ETF's rebalancing activities) will be specified clearly in this week.

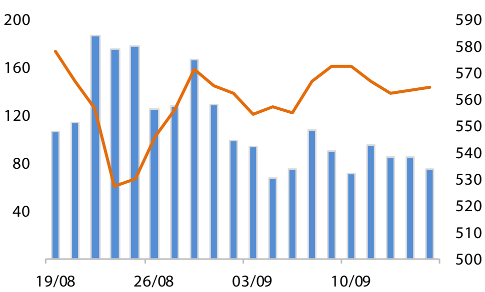
Surprised information of VNM ETF was the center of today trading. A public announcement disclosed BID was no longer a new constituent as its free-float had been miscalculated. New weights of constituents for this Q3/2015 constitutions are represented below:

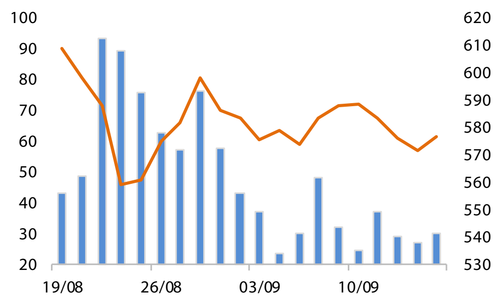
Table: Estimated trading volume

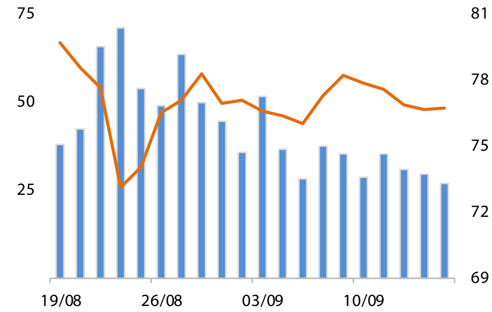
Ticker	Weight as of 28/08/2015	Weight (capped)	Trading volumes
VIC VN	9.19%	8.00%	(2,829,111)
VCB VN	8.39%	8.00%	(905,371)
MSN VN	7.35%	7.00%	(439,895)
STB VN	6.36%	6.50%	832,091,7
BVH VN	6.52%	6.00%	(1,120,183)
DPM VN	5.30%	5.06%	(771,301)
HAG VN	3.77%	4.78%	6,733,035
PVS VN	4.08%	4.06%	(92,207)
NT2 VN	0.00%	4.06%	16,484,319
ITA VN	2.76%	2.80%	773,822
PVD VN	2.36%	2.61%	690,912
FLC VN	2.53%	2.52%	(145,091)
SSI VN	2.53%	2.52%	(38,241)
SHB VN	2.31%	2.42%	1,596,007
KDC VN	2.12%	2.41%	1,139,923
PPC VN	2.28%	2.26%	(109,624)
KBC VN	2.10%	2.25%	1,193,495
PVT VN	1.79%	1.73%	(548,123)
VCG VN	2.79%	1.57%	(10,466,783)
IJC VN	0.96%	0.95%	(112,116)
DRC VN	0.83%	0.00%	(1,713,173)

Source: Rongviet Research

VNINDEX	0.15%	564.13	VN30	0.92%	576.78	HNXINDEX	0.07%	76.69

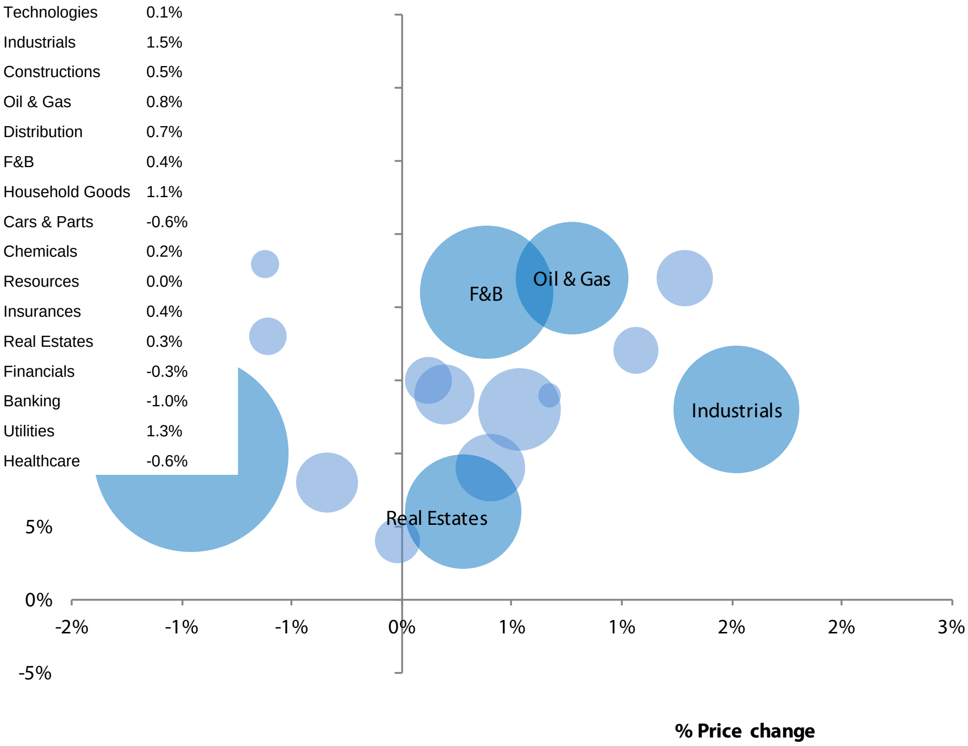




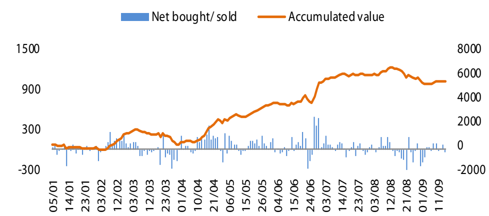


Industry Movement

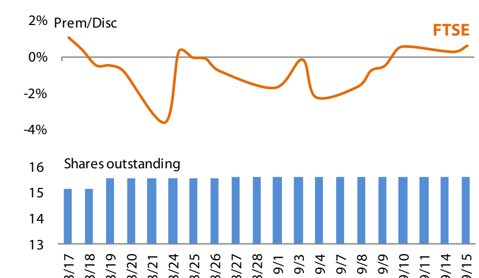
Industry	% change
Technologies	0.1%
Industrials	1.5%
Constructions	0.5%
Oil & Gas	0.8%
Distribution	0.7%
F&B	0.4%
Household Goods	1.1%
Cars & Parts	-0.6%
Chemicals	0.2%
Resources	0.0%
Insurances	0.4%
Real Estates	0.3%
Financials	-0.3%
Banking	-1.0%
Utilities	1.3%
Healthcare	-0.6%

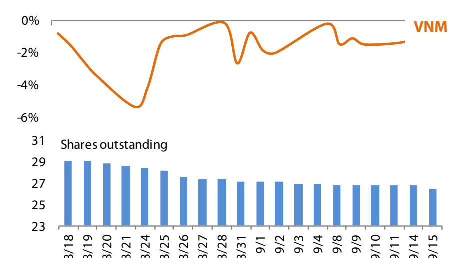


Foreign Investors Trading

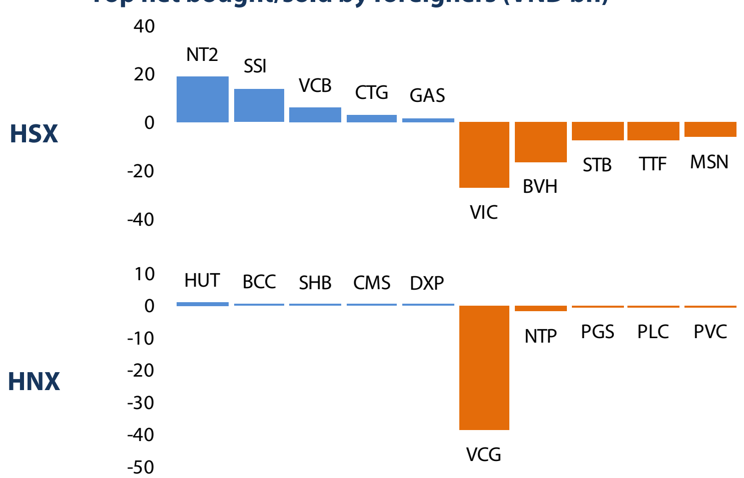


ETF





Top net bought/sold by foreigners (VND bn)



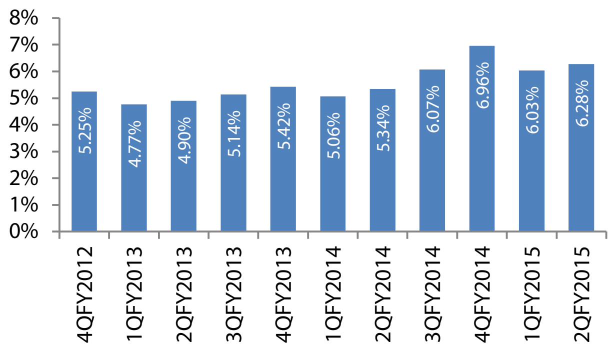
Top Active

Ticker	Price	Volume	% price change
HAR	5.8	3.75	-1.7%
SBT	13.9	3.18	1.5%
FLC	6.5	3.05	1.6%
HAG	15.3	2.89	4.1%
SHI	12.5	2.57	6.8%

Ticker	Price	Volume	% price change
VCG	11.0	3.52	2.8%
TIG	11.1	3.23	-0.9%
KLF	4.5	1.69	0.0%
HUT	10.4	1.24	4.0%
WSS	8.2	1.01	2.5%

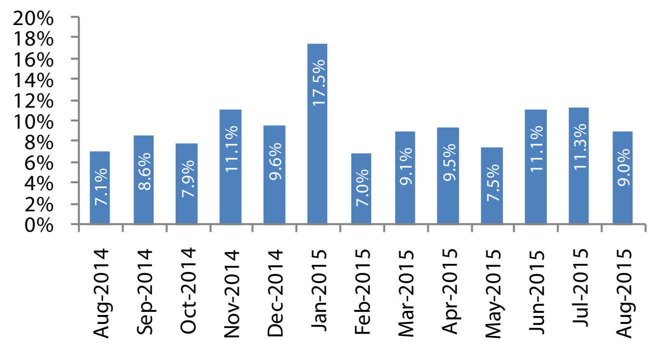
MACRO WATCH

Graph 1: GDP Growth



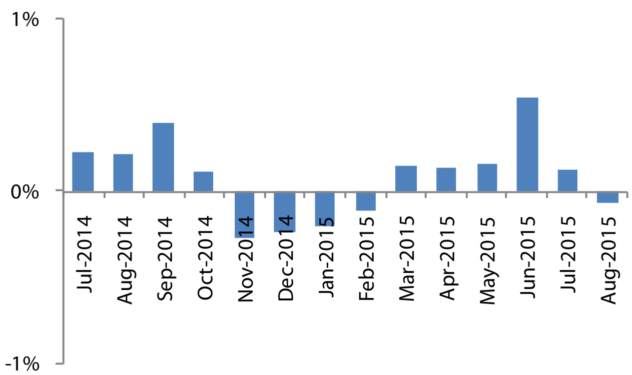
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



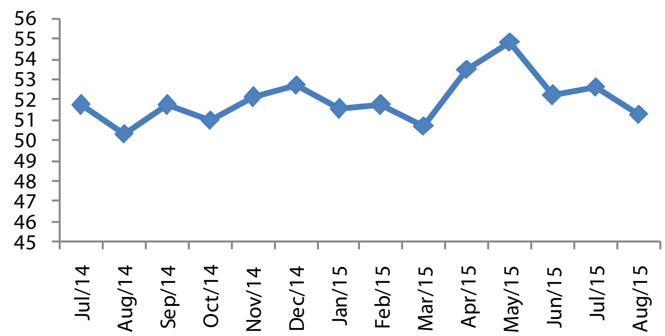
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



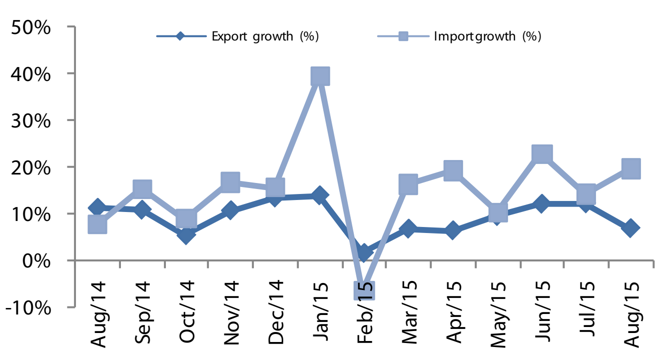
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



Sources: GSO. Rongviet Securities database

Graph 5: Trade Growth



Sources: GSO. Rongviet Securities database

Graph 6: Interest

Sources: SBV. Rongviet Securities database

RONG VIET NEWS

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

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

FUND CERTIFICATION INFORMATION

Fund name	Trading Day	Subscription Fee (% of trading value)	Redemption Fee (% of trading value)	NAV per unit at valuation date	NAV per unit last valuation date	Change in NAV
VFF	08/09/2015	0% - 0.75%	0% - 2.5%	11,844	11,861	-0.14%
VEOF	08/09/2015	0% - 0.75%	0% - 2.5%	9,791	9,874	-0.84%
VF1	11/09/2015	0.2% - 1%	0.5%-1.5%	22,509	22,496	0.06%
VF4	11/09/2015	0.2% - 1%	0%-1.5%	10,037	10,024	0.12%
VFA	11/09/2015	0.2% - 1%	0%-1.5%	7,100	7,032	0.97%
VFB	11/09/2015	0.3% - 0.6%	0%-1%	12,313	12,303	0.08%
ENF	04/09/2015	0% - 3%	0%	11,207	11,297	-0.80%
MBVF	27/08/2015	1%	0%-1%	10,416	10,364	0.50%
MBBF	03/09/2015	0%-0.5%	0%-1%	12,328	12,304	0.20%

ANALYSTS

Truc Doan – Head of Research

+ 84 8 6299 2006 | Ext: 1308

truc.dtt@vdsc.com.vn

Ha My Tran

+ 84 8 6299 2006 | Ext: 1309

my.tth@vdsc.com.vn

Trien Le

+ 84 8 6299 2006 | Ext: 1317

trien.lh@vdsc.com.vn

Hoang Nguyen

+ 84 8 6299 2006 | Ext: 1319

Hoang.nh@vdsc.com.vn

Tai Nguyen

+ 84 8 6299 2006 | Ext: 1310

tai.ntp@vdsc.com.vn

Tam Bui

+ 84 8 6299 2006 | Ext: 1315

tam.bt@vdsc.com.vn

Lam Nguyen

+ 84 8 6299 2006 | Ext: 1313

lam.ntp@vdsc.com.vn

Diem My Tran

+ 84 8 6299 2006 | Ext: 1311

my.ttd@vdsc.com.vn

Huong Pham

+ 84 8 6299 2006 | Ext: 1314

huong.pt@vdsc.com.vn

Tuan Huynh

+ 84 8 6299 2006 | Ext: 1318

Tuan.hm@vdsc.com.vn

Van Banh

+ 84 8 6299 2006 | Ext: 1316

Van.btt@vdsc.com.vn

Nam Huynh

+ 84 8 6299 2006 | Ext: 1312

Nam.hk@vdsc.com.vn

Kien Nguyen

+ 84 8 6299 2006 | Ext: 1320

Kien.nt@vdsc.com.vn

Thien Bui

+ 84 8 6299 2006 | Ext: 1321

Thien.bv@vdsc.com.vn

Trinh Nguyen

+ 84 8 6299 2006 | Ext: 1331

Trinh.nh@vdsc.com.vn

HEADQUARTER
Floor 1-2-3-4, Viet Dragon Tower
141 Nguyen Du Street, Dist.1, HCMC
T + 84 8 6299 2006
F + 84 8 6291 7896
E info@vdsc.com.vn
W www.vdsc.com.vn

HA NOI BRANCH
2C Thai Phien street, Hai BaTrung Dist., Ha Noi city
T + 84 4 6288 2006
F + 84 4 6288 2008
E info@vdsc.com.vn
W www.vdsc.com.vn

NHA TRANG BRANCH
50 Bis Yersin street, Nha Trang city, Khanh Hoa city
T + 84 058 3820 006
F + 84 058 3820 008
E info@vdsc.com.vn
W www.vdsc.com.vn

CAN THO BRANCH
08 Phan Đinh Phung street, Ninh Kieu Dist., Can Tho city
T + 84 0710 381 7578
F + 84 0710 381 7789
E info@vdsc.com.vn
W www.vdsc.com.vn