NOVEMBER

04

WEDNESDAY

"Correction would probably make market more stable in short-term"

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ADVISORY DIARY

- **Correction would probably make market more stable in short-term**
- **HPG – Positive signs for business in the last quarter of the year**

Correction would probably make market more stable in short-term

After a surging session, market today turned to its usual movement. Liquidity was kept at average of 100 million shares in HSX. While HSX liquidity was quite normal, HNX suddenly traded with rousting volume. Total volume was 62 million shares (including 44 million shares by order-matching and 18 million shares by put-through transactions, focusing on KHB and SHB), a highest after 24/8/2015, a last session of bearish sessions in August. Meanwhile, despite closing below yesterday close prices (with VNIndex down 0.18% and HNIndex down 0.2%), both indices only witnessed high selling pressure in late of today session when demand was less than supply. After a bullish session, correcting is an usual activity, especially after most of expected news released and at high market level. Therefore, we think today correction would not make traders to concern too much.

Oil&Gas remained its high correlation with crude oil price and sudden surge in mining sector. Under surge of over 3.5% in crude oil price, both Brent and WTI due to concern on supply disruption in Libya and Brazil, oil&gas stock in VN witnessed positive session, with GAS (+VND800), PVD (+VND200), PGD (+VND500) and PGS (+VND500). Besides, mining sector, a small market cap sector falling to oblivion, also saw a sudden bullish session, with almost all stocks of this sector closed at ceiling prices: DHM, KSA, KHB, BGM, BAM,… However, recently, those stocks sometimes witnessed such session and then losing its momentum quickly. So, we have not yet expected they could establish a new bull trend but we kept watching them more in next sessions.

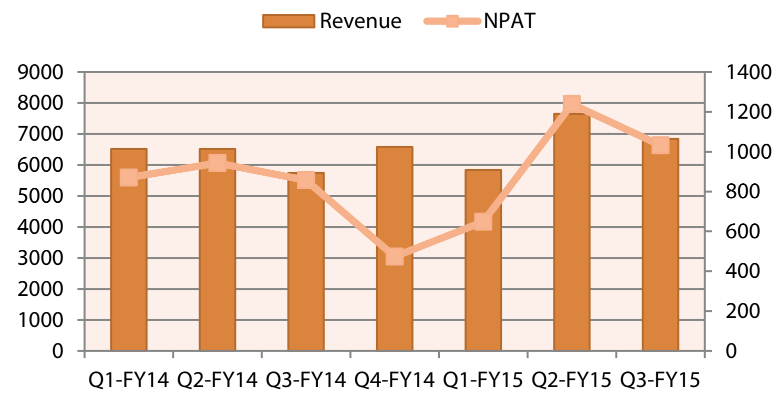
With stable liquidity at this moment, we believe that stock exchanges could not establish clear trend for a breakthrough. Instead, mixture of increase and decrease scenario under price improvement for momentum accumulation is expected more from us. The reason is that under the period of lacking supportive information and information being received by markets, the more stock exchanges are excited in term of indices, the more instability could happen due to significant profit-taking pressure after that. Slight adjustment in today session could ease the selling pressure in next days and medium liquidity will be given enough time to absorb the selling amount for profit taking.

HPG – Positive signs for business in the last quarter of the year

In a meeting with representative from Hoa Phat Group JSC (HPG – HSX) earlier this week, Rongviet Research's analyst has updated information related to recent business results and prospects for ending quarter of 2015. Accordingly, we believe that there are many positive signals with business result in Q4 including (1) prices and consumption, (2) decrease in provision for inventory devaluation and (3) policy support.

Operating under fierce competition in steel industry, HPG has proven the efficient operation through 9M2015 business result. Specifically, sale volume significantly improves this year. Accumulated for 9 months, production of construction steel and pipes increased by 51% yoy and 35% yoy respectively. Improvements in sale volume largely compensated the decline in selling prices, helped revenue from steel segment in 3Q2015 achieved more than VND 16,380 billion, increased by 15% yoy.

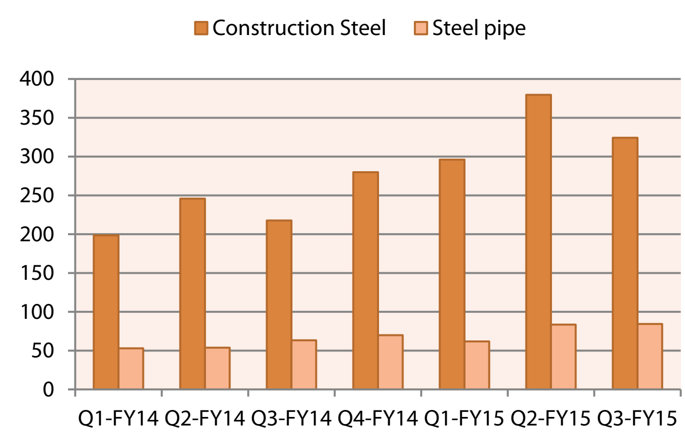
Figure 1: Revenue and NPAT (quarterly)



Source: HPG

According to the Company, construction steel output in October reached 137,000 tons, increased by 27% compared to Q3 average. Over the last 2 recent years, sale volume in Q4 in construction steel segment achieved 2-digit figures in term of growth rate. Furthermore, HPG pointed out that the decline in steel prices could be slowed down due to the increase trend of steel scrap (main material for the production of many steel construction companies in the same industry). Therefore, consumption and price prospects in Q4 could be expected to be positive supportive factors for HPG's business activities.

Figure 2: Sales volume (1,000 tons)



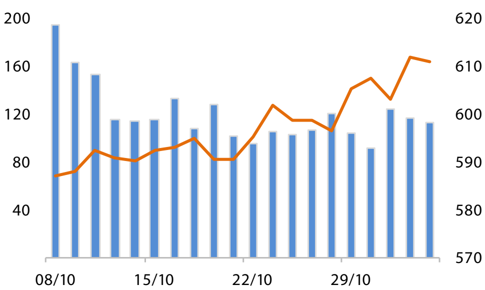
Source: VSA

In addition, in Q42015, the Company said that the provision for inventories could not as high as last year. Since the start of this year, raw materials prices for core business have been decreased sharply from 30-50%. At the moment, the downward trend began to be steady. Thus, the provision (if any) will not be high as the same period. In Q32015, HPG also recorded the foreign exchange loss about VND152 bn due to the exchange rate fluctuation. Thanks to the stable of exchange rate since the start of this quarter as long as the reduction of long-term debt, we suppose that the profitability of the Company could improve in Q4 and increase sharply over the same period.

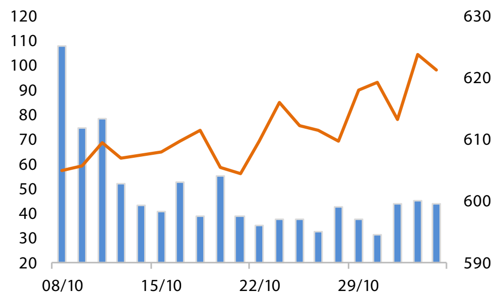
According to our estimates, in the fiscal year of 2015, HPG's revenue is estimated at ~VND27,600 bn (+9% yoy) while NPAT is estimated at VND3,800 bn (+21% yoy). EPS is around VND5,200, P/E forward is 6x and lower than that of other blue-chip shares on the exchanges.

Regarding to policy support, recently, MoF has announced the draft circular on steel import tariffs to curb the Chinese steel import into Vietnam. Accordingly, nearly 30 steel products' tariff will be raised. In particular, the tariff on some Chinese billet or alloy steel containing Cr which are imported into Vietnam to produce construction steel will be adjusted to 10%. This solution will be proposed to the Prime Minister before Nov 30, 2015, it could be a good sign for domestic steel producers, including HPG.

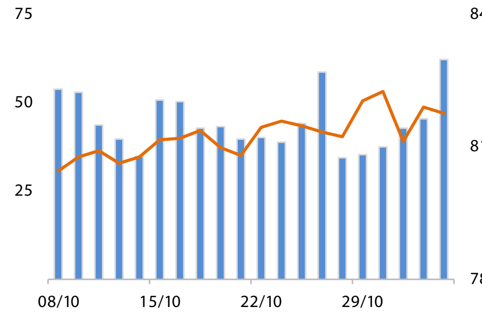
VNINDEX -0.18% 610.60



VN30 -0.40% 621.35

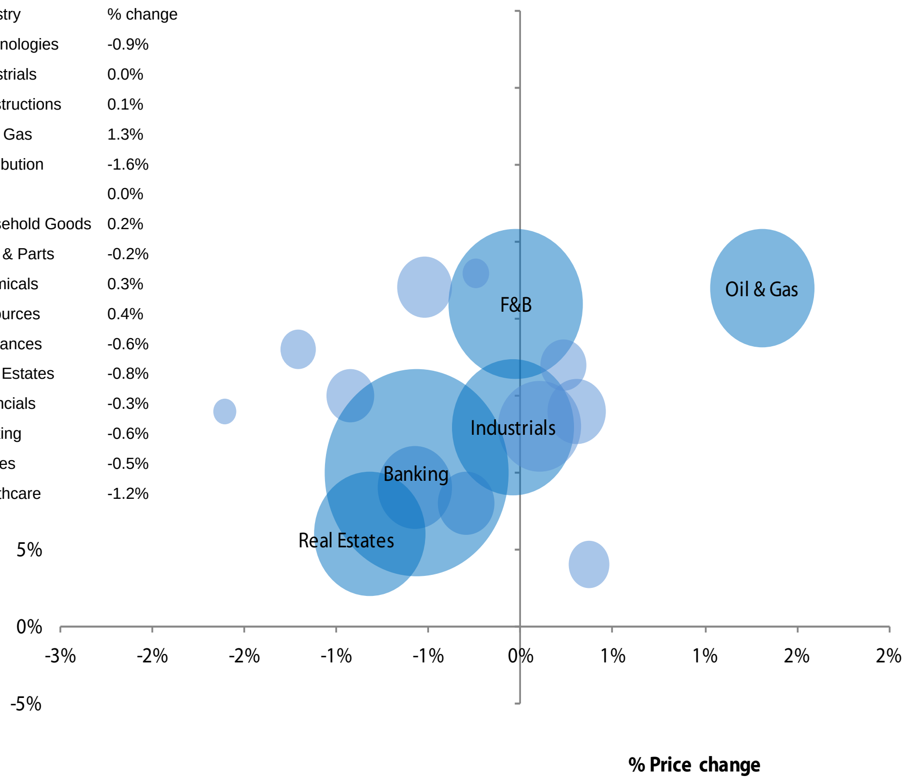


HNXINDEX -0.20% 81.73

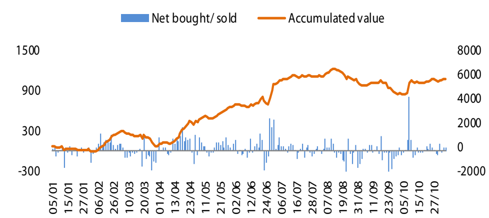


Industry Movement

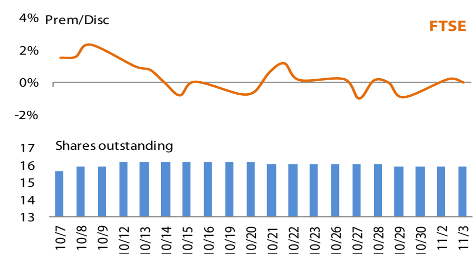
Industry	% change
Technologies	-0.9%
Industrials	0.0%
Constructions	0.1%
Oil & Gas	1.3%
Distribution	-1.6%
F&B	0.0%
Household Goods	0.2%
Cars & Parts	-0.2%
Chemicals	0.3%
Resources	0.4%
Insurances	-0.6%
Real Estates	-0.8%
Financials	-0.3%
Banking	-0.6%
Utilities	-0.5%
Healthcare	-1.2%

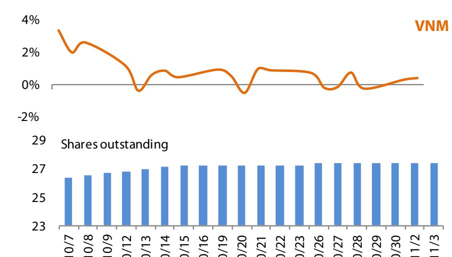


Foreign Investors Trading



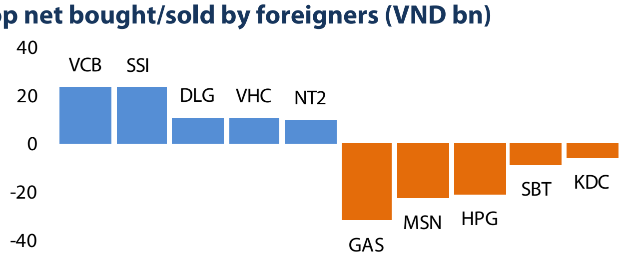
ETF



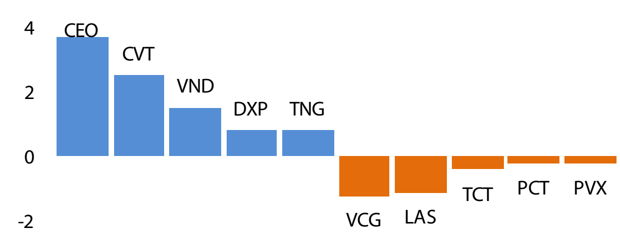


Top net bought/sold by foreigners (VND bn)

HSX



HNX



Top Active

Ticker	Price	Volume	% price change
DLG	9.2	6.98	2.2%
FLC	7.1	3.70	-1.4%
HQC	6.4	3.18	-1.5%
PPI	7.5	3.04	4.2%
SSI	24.0	3.02	0.8%

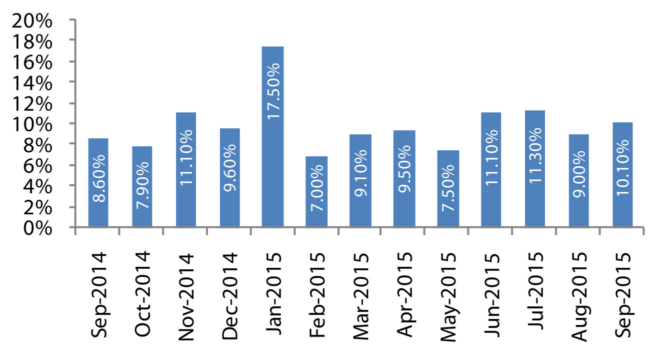
Ticker	Price	Volume	% price change
VCG	12.5	4.47	1.6%
SCR	8.2	2.88	-1.2%
HUT	11.4	2.36	2.7%
TIG	11.1	1.89	-2.6%
DPS	13.5	1.72	9.8%

MACRO WATCH

Graph 1: GDP Growth

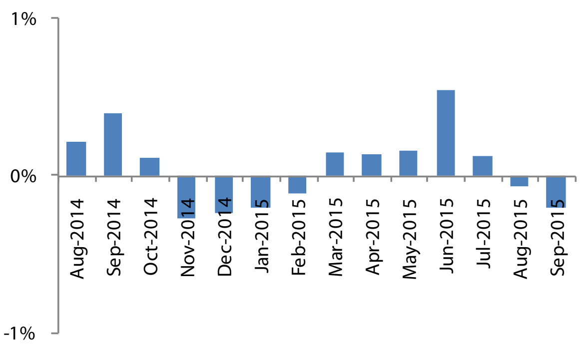
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



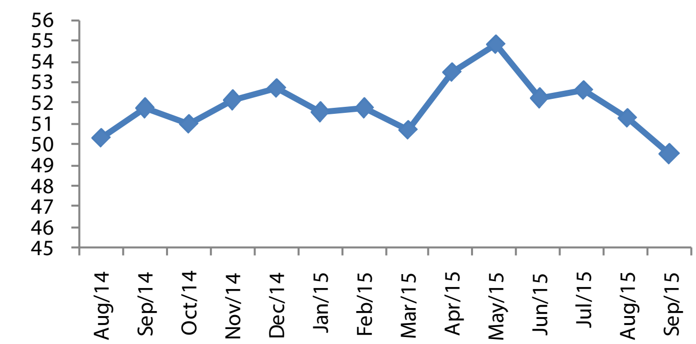
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



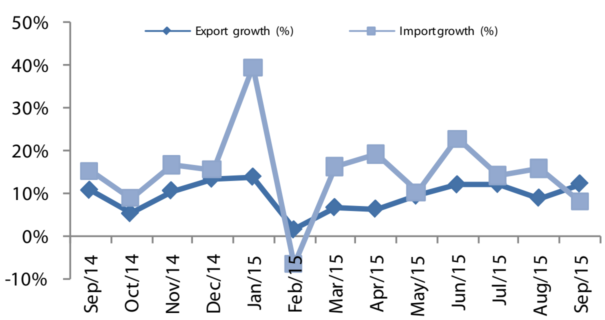
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



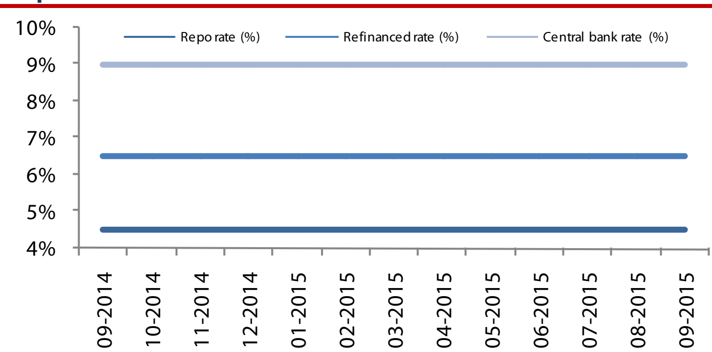
Sources: GSO. Rongviet Securities database

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
DMC - Restructuring sparks positive changes	October 30th, 2015	Accumulate – Intermediate term	49,000
HSG - New investments: The engine of growth	October 29th, 2015	Accumulate – Long term	52,500
KSB - Rock-solid foothold in the construction stone	October 28th, 2015	Buy – Intermediate term	38,400
HHS - Riding on a rough road	October 28th, 2015	Neutral – Short term	20,100
PVT - Upside potential outweighs short-term risks	October 20th, 2015	Buy – Long-term	15,900

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	20/10/2015	0% - 0.75%	0% - 2.5%	12,030	11,946	0.70%
VEOF	20/10/2015	0% - 0.75%	0% - 2.5%	10,558	10,473	0.81%
VF1	28/10/2015	0.2% - 1%	0.5%-1.5%	23,992	23,909	0.34%
VF4	28/10/2015	0.2% - 1%	0%-1.5%	10,788	10,747	0.38%
VFA	22/10/2015	0.2% - 1%	0%-1.5%	7,438	7,488	-0.67%
VFB	22/10/2015	0.3% - 0.6%	0%-1%	12,421	12,409	0.10%
ENF	23/10/2015	0% - 3%	0%	11,963	11,943	0.17%
MBVF	22/10/2015	1%	0%-1%	11,000	10,965	0.32%
MBBF	28/10/2015	0%-0.5%	0%-1%	12,438	12,445	-0.06%

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