23

WEDNESDAY

- **Miserable liquidity but no miserable markets**
- **Vietnam consumer has continuously seen an positive view**
- **No domestic steel price recovery in 2016**

Miserable liquidity but no miserable markets

Indices show no sign of improvement, continued the fourth consecutive decline session. Market liquidity remained unchanged when total matching trading volume achieved approximately 100.7 million units. MSN (+VND1.000/share), PVD (+VND500/share) and VIC (+VND100/share) were the minority of large cap stocks that improved today. Observe the put-through trading activities, we recognized that 9.5 million shares of MBB were successfully traded with total value of VND123 billion. As a result, even though total matching trading volume was relatively stable, total trading volume has improved to 124 million units (+22.72%) compared to yesterday, equivalent to total trading value of VND1.890 million (+57.5%).

Foreign investors returned to the net-buying position after 16 days of net-selling. Accordingly, the total value was VND38 billion on HSX and VND6.5 billion on HNX. Both ETFs, excluding 16/12 with total withdrawn amount of USD6.3 million, demonstrated the stop signal for withdrawing trend in short-run. Foreign activities also contribute to stabilize domestic market sentiment and enforce the stability in stock exchanges, which is accumulation within narrow market breadth.

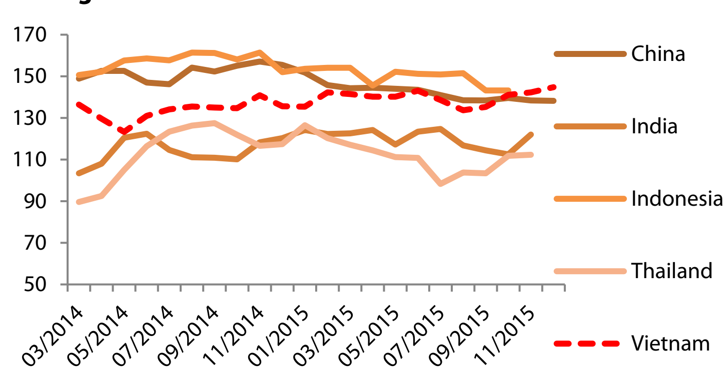
Delving into transactions, we saw some signs of better bidding activities. First of all, taking VN30 as a representative for current markets, the difference between intraday high ~ low was around 1.9%, which was considerably volatile; however, 24 out of 30 tickers closed higher than the lowest price. It can be concluded that most of stocks today are bid more agressively as it came to the end of the session. Moreover, such volatility is acceptable as available for trading stocks from last Friday, let's say the "ETFs' driven stocks" were ready for profit takers. Secondly, we also saw a positive difference between bid – ask volumes. Such difference with low liquidity leads to a conclusion of a positive but weak fund flow and signs of lowering short-term trading activities. In brief, there are slim chances for short-term investors but it is a good time for value investors searching and accumulating value stocks.

"Miserable liquidity but no miserable markets"

Vietnam consumer has continuously seen an positive view

Today, ANZ has made known Vietnam consumer confidence index in December, 2015. In particular, this index reached 144.8 points, which is the highest as well as the third consecutive month above the level of 140 points. This further reinforced the positive view of the domestic demand in the 4th quarter as consumers have still seen optimistic about the economic condition.

Figure: Asian countries' consumer confidence index



Source: ANZ, RongViet Research

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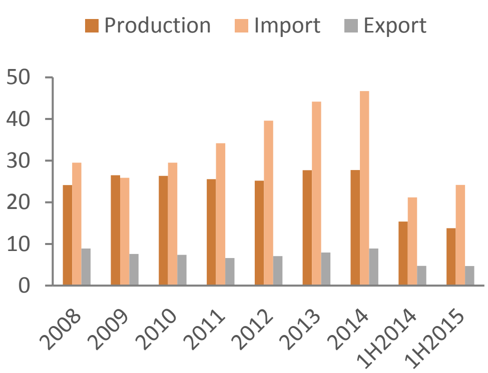
No domestic steel price recovery in 2016

World steel market has been sinking in overcapacity status since 2014 while deteriorating demand has caused raw material and steel prices to fall sharply. Regarding the domestic market, due to limited productive capacity which cannot meet the quality demand and provide competitive price, China steel has the opportunity to be a big fish in a little pond even though demand has improved.

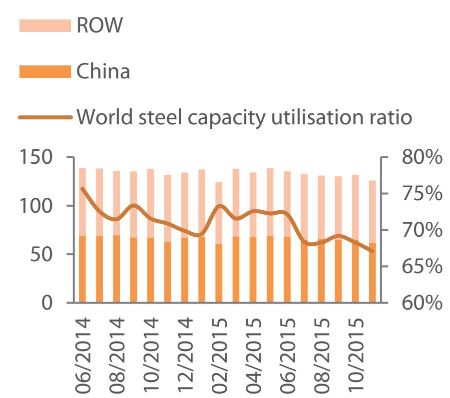
At the moment, leading mining companies (Vale, BHP Billiton and Rio Tinto) are in the race to reduce costs. In addition, the effects of restructuring and reducing capacity in China are limited on the global steel price in 2016. Generally, the overcapacity crisis in China is likely to last long with an excess supply of up to 300 million tons per year.

Figure 1: Increasing imports by ASEAN countries



Source: SEASI, RongViet Research compiled

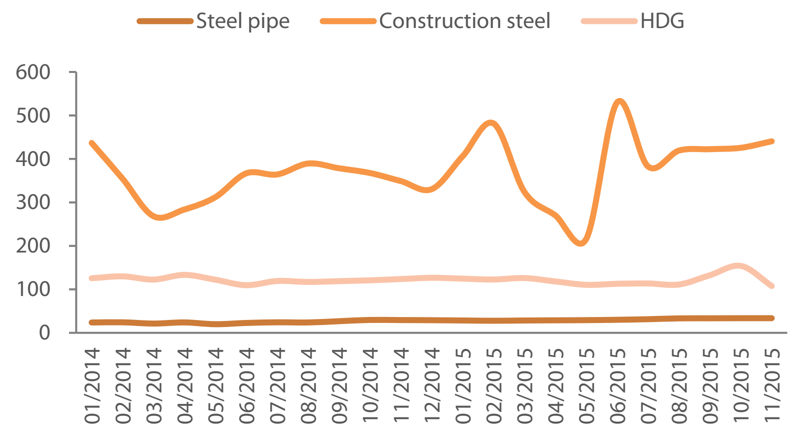
Figure 2: Global steel mills' decreasing utilisation



Source: SEASI, RongViet Research compiled

The situation forced Chinese steel companies to boost exports to ASEAN countries, including Vietnam. Chinese government has recently cut export tax in terms of slabs and billets in 2016 from 25% to respectively 15% and 5%, which enables Chinese exporters to continuously lower prices for destocking. This trend would put more pressure on domestic steel prices.

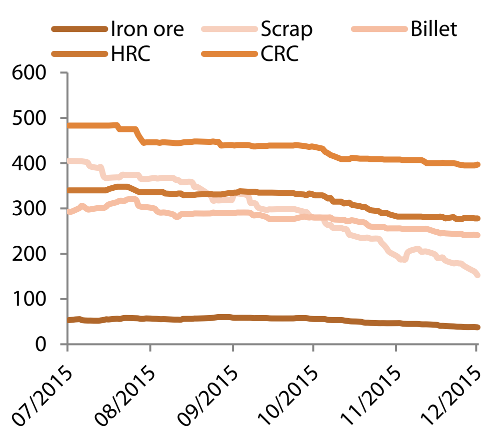
Figure 3: Vietnam Steel Association's monthly inventory



Source: VSA, RongViet Research compiled p

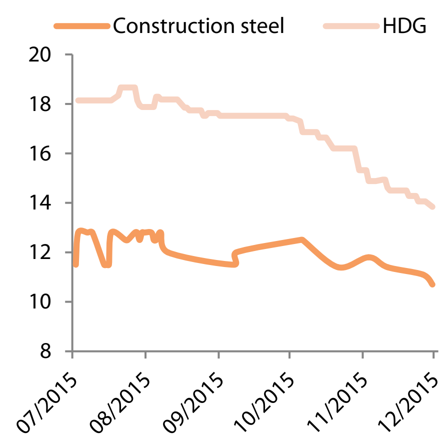
The slower decline results from two supportive movements which are (1) domestic market's optimistic demand, (2) local companies' high inventory levels. However, we expect the domestic steel price to further decrease due to the dumping imports. While HRC, CRC and billets have been declining in price at different paces amid iron ore's plummet, domestic construction steel price gradually slided to just above VND 10 million per ton and likely to go further down in 2016 should China continues to encourage steel exports.

Figure 4: Material prices (USD per ton)



Source: Bloomberg, RongViet Research compiled

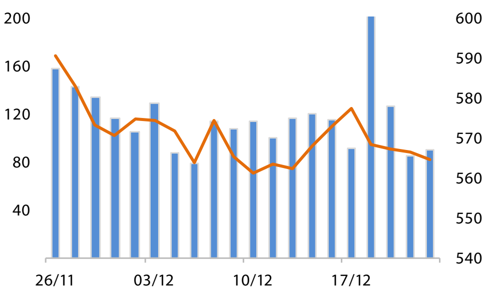
Figure 5: Domestic construction steel and HDG prices



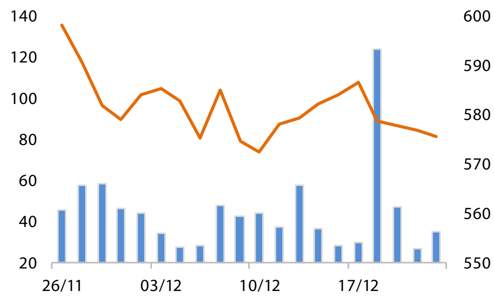
Source: RongViet Research compiled

Up to now, the pressure on lowering prices to compete on market shares is no longer new to local producers and distributors but becoming a repeated concern. Steel businesses' management strategies, therefore need to be flexible to price movements, as the price factor is of great important to their operating performances. Regarding a brighter perspective, in contrast of the difficulties faced by the suppliers, the consumer side has been benefiting considerably owing to growing demand without a price surge. The event has put a favourable effect on construction activities as well as the real estate market' prospects in the upcoming period.

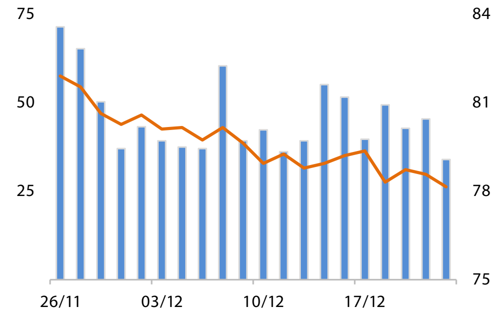
VNINDEX -0.37% **564.27**



VN30 -0.23% **575.46**

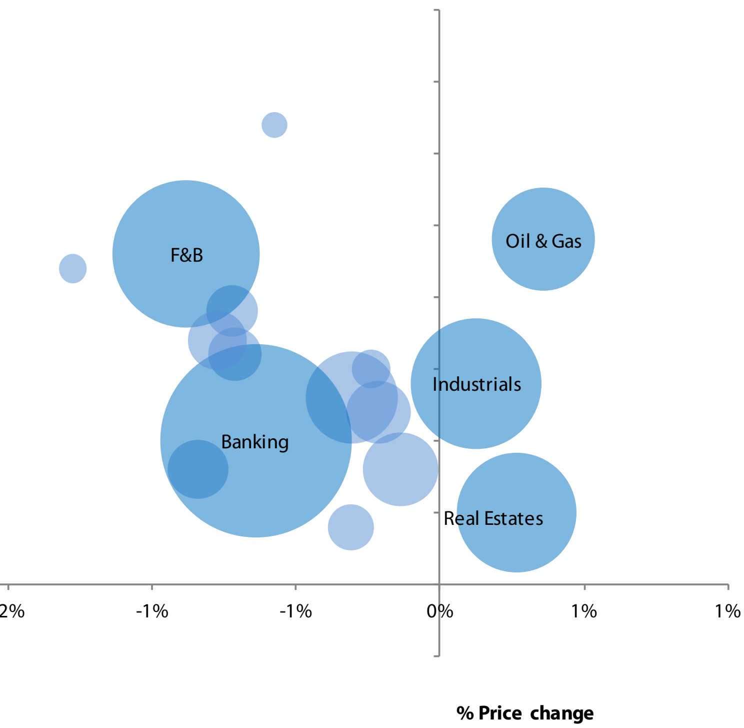


HNXINDEX -0.57% **78.11**

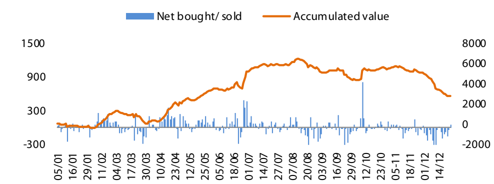


Industry Movement

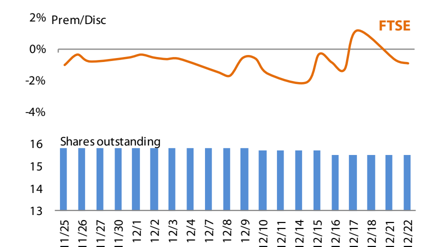
Industry	% change
Technologies	-0.7%
Industrials	0.1%
Constructions	-0.3%
Oil & Gas	0.4%
Distribution	-0.6%
F&B	-0.9%
Household Goods	-0.7%
Cars & Parts	-1.3%
Chemicals	-0.2%
Resources	-0.3%
Insurances	-0.1%
Real Estates	0.3%
Financials	-0.8%
Banking	-0.6%
Utilities	-0.8%
Healthcare	-0.2%

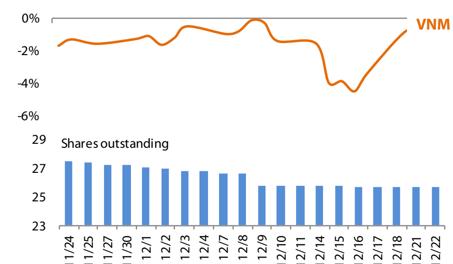


Foreign Investors Trading



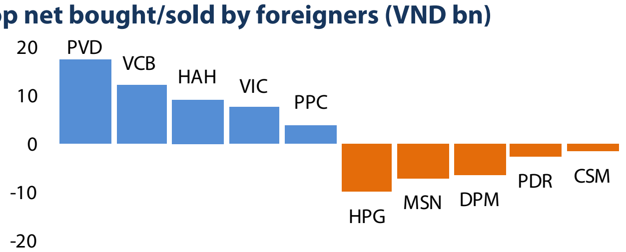
ETF



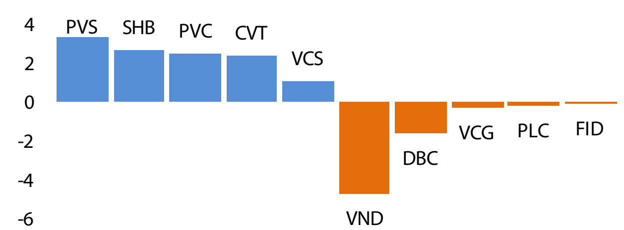


Top net bought/sold by foreigners (VND bn)

HSX



HNX



Top Active

Ticker	Price	Volume	% price change
OGC	4.0	7.94	-2.4%
FLC	8.0	4.27	0.0%
BHS	21.4	3.31	-0.5%
HAG	11.3	2.74	0.0%
SBT	22.0	2.30	0.9%

Ticker	Price	Volume	% price change
TIG	11.7	2.82	1.7%
SHB	6.2	2.38	-3.1%
SCR	8.2	2.31	-1.2%
DPS	12.0	1.51	-3.2%
KHB	4.1	1.46	2.5%

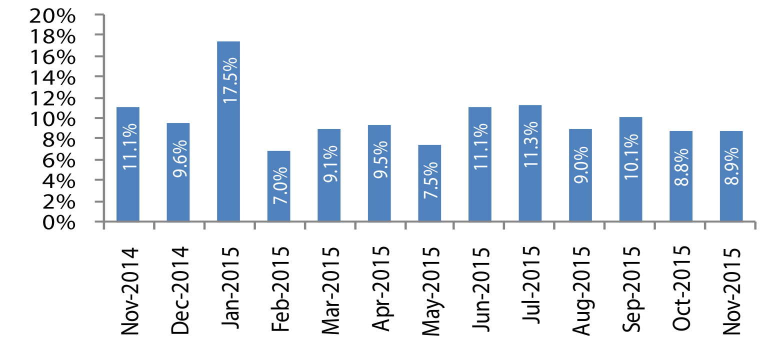
MACRO WATCH

Graph 1: GDP Growth

Sources: GSO. Rongviet Securities database

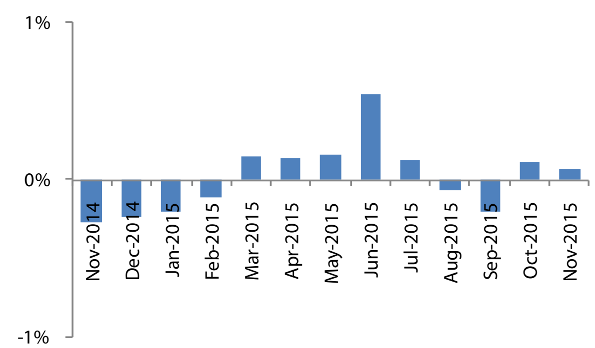
(*) Comparision price in 1994

Graph 2: IIP



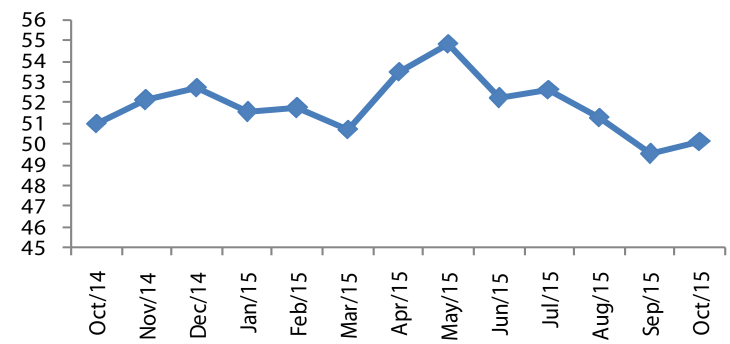
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



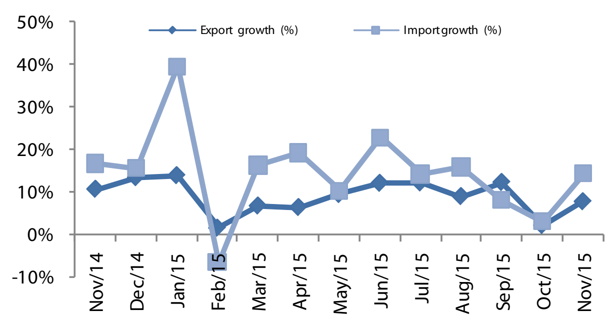
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



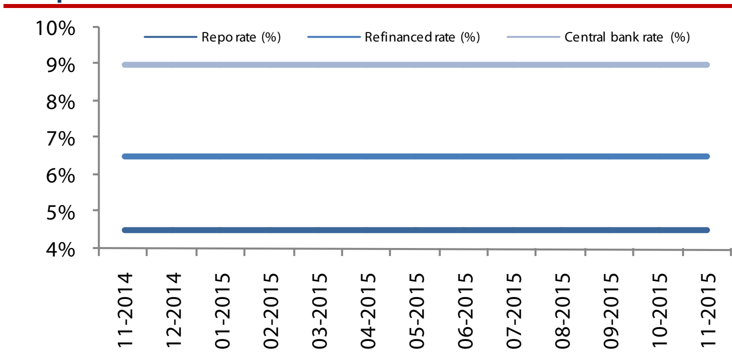
Sources: GSO. Rongviet Securities database

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
ELC- A new growth cycle	December 3rd , 2015	Buy – Long term	33,000
PPC- Positive core business	December 2nd, 2015	Neutral –Long term	21,100
DRC - Expecting on replacement segment	November 13th, 2015	Accumulate – Long term	52,000
NKG - Capital ravels to be untangled	November 6th, 2015	Neutral – Intermediate term	17,400
DMC- Restructuring sparks positive changes	October 30th, 2015	Accumulate – Intermediate term	49,000

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

FUND CERTIFICATION INFORMATION

Fund name	Trading Day	Subscription Fee (% of trading value)	Redemption Fee (% of trading value)	NAV per unit at valuation date	NAV per unit last valuation date	Change in NAV
VF1	17/12/2015	0.2% - 1%	0.5%-1.5%	23,829	23,685	0.61%
VF4	17/12/2015	0.2% - 1%	0%-1.5%	10,840	10,763	0.72%
VFA	17/12/2015	0.2% - 1%	0%-1.5%	7,230	7,173	0.8%
VFB	17/12/2015	0.3% - 0.6%	0%-1%	12,611	12,611	0%
ENF	11/12/2015	0% - 3%	0%	11,938	12,029	-0.76%
MBVF	10/12/2015	1%	0%-1%	10,883	10,839	0.41%
MBBF	09/12/2015	0%-0.5%	0%-1%	12,523	12,507	0.13%
VF1	17/12/2015	0.2% - 1%	0.5%-1.5%	23,829	23,685	0.61%
VF4	17/12/2015	0.2% - 1%	0%-1.5%	10,840	10,763	0.72%

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