SEPTEMBER

ADVISORY DIARY

24

THURSDAY

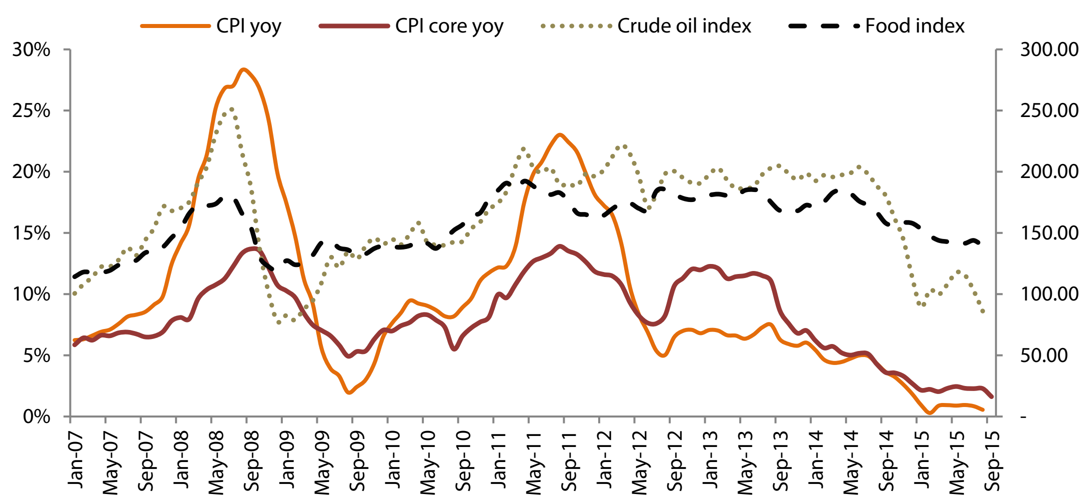
- **National CPI had the second consecutive month of decline – Deflation risk and the orientation of monetary policy?**
- **Cash flow was distributed into mid and small-caps and stocks with promising prospect over 2H2015**
- **Updates on STK's Roadshow**

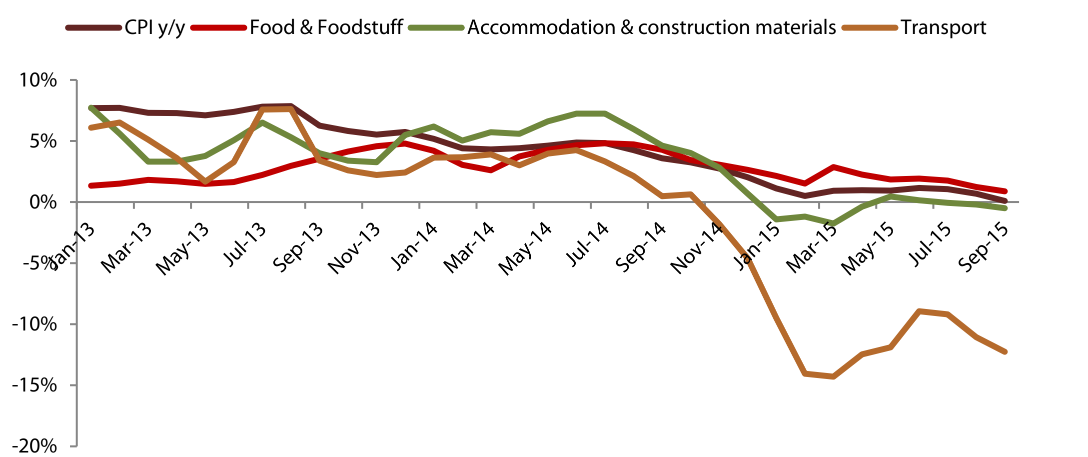
National CPI had the second consecutive month of decline – Deflation risk and the orientation of monetary policy?

Today, GSO published the consumer price index month 9/2015. According to the statistics, it was the second consecutive month of decline; however, this was the first time that September CPI to drop by 0.21% for the last 10 years. Since earlier this year, national CPI only raised by 0.4% under the circumstance of drop in commodities. There are several investors demonstrating the concern about the deflation risk. Nevertheless, we believe that the probability of deflation could be low. In reality, core inflation y.o.y* has currently been at 2.15%, higher than general inflation showing the slight increase in prices. The CPI mainly resulted from the low level of crude oil leading to the low transportation and living cost, meanwhile, most of other commodities recorded positive figure y.o.y. Next year, CPI could increase due to the finished effect from crude oil.

**Core inflation is computed by GSO based on consumer price index excluding food and foodstuff, transportation, educational and healthcare services.*

"Cash flow was distributed into mid and small-caps and stocks with promising prospect over 2H2015"





Trinh Nguyen

+ 84 8 6299 2006 | Ext: 1331

Trinh.nh@vdsc.com.vn

Source: GSO, RongViet Research

In the 9-month period, real inflation remained a low rate of 0.74% as compared to the target of 5%. Will likely State bank of Vietnam cut the benchmark rate to loose monetary policy? It is interesting to note that deflation and the low rate of economic growth seem to be the major challenges in recent times. Taiwan monetary authority cut interest rates by 12.5 basis points to 1.75%, whereas, the Philippines's central bank remained their benchmark interest rate unchanged at the level of 4%. Regarding Vietnam, we suppose that the possibility of cutting policy interest rate (deposit interest rate for under 6-month term) seems to be low because SBV will consider other major factors including exchange rate and the banking system's liquidity while deflation and the low of economic growth are unlikely the largest challenges.

Cash flow was distributed into mid and small-caps and stocks with promising prospect over 2H2015

Markets ended today trading session with "red" in a market and "green" in the other one. VNIndex declined by 2.47 to 570.25 (-0.43%), while mid and small cap stocks help HNXIndex to rise by 0.13 to 78.61 (+0.17%). Large cap stocks were under greater pressure that VN30 and HNX30 decreased by 0.31% and 0.21% respectively. HNX maintained the green color thanks to the mid and small cap stocks increasing. Low-liquidity stocks under consumption segment positively improved such as LIX, DQC, TLG. Real estate stocks such as KDH, HDG also recorded optimistically from investors. In addition, the spotlights belonged to plastic segment such as BMP, TTP and especially DAG with celling price of VND 12,000/share.

According to our analyst, the movement of plastic stocks demonstrated investors' interest in this segment due to the industry's benefits from low input prices. In August, HDPE and PVE resin prices continued to drop by 8% and 6% consecutively compared to last month following the bearish market of crude oil. Therefore, the business result in Q3/2015 could be positive and worth waiting for.

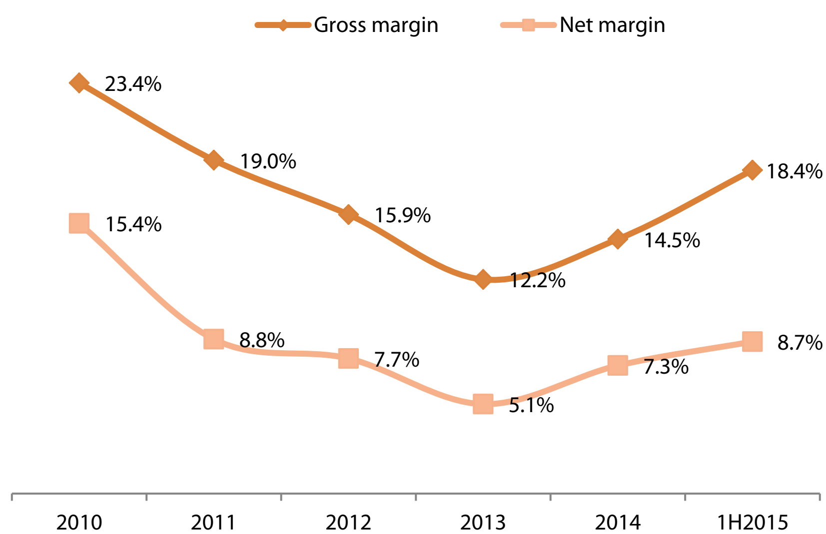
Under the pessimistic circumstance in today's market movements, our market analyst has observed that since the end of August, the market has been moving sideways. When VN-Index got near 575 points there would be selling activities followed by contra buying, for instance on August 8th and September 10th at the same time with restrained price ranges. According to our experience, smart money usually entered the market during this period where large cash flows did not necessarily buy mass purchase at once but small amounts each time, since tightened price ranges could have reacted aggressively to large demand. At the present, despite unfluctuating prices, stable liquidity and higher bottom make sideways movements a short term positive signal. On the other hand, an opposing scenario says lengthy sideways period could be followed by dropping shares to test the supply in order to identify stocks that are invested by retail and temporary investors and to see whether the demand is persistent. Large funds from institutional investors, only then would play an important role in boosting the market. Based on two above scenarios, we suppose that investors should join the market and accumulate stocks, with the expectation that Vnindex reaching the level of 590. However, the period will mainly depend on the level of positivity of listed companies' earnings results.

Updates on STK's Roadshow

Yesterday, Century Synthetic fiber Corp (STK) held a roadshow to announce its listing on HSX on September 30th, 2015 at VND 29,000/stock.

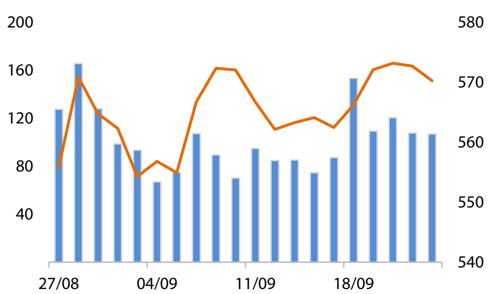
Regarding business activities, STK informed that because of a 20% fall in input price (chip prices) and a 10.4% decrease in the output price (yoy), a 6M2015 gross profit increased by 4% as compared to the same period. Based on the recent movements of oil price, the chip price will likely go down or keep stable. Therefore, we believe that STK could still benefit from the decline in raw material prices. However, with USD 30 million debts, STK will likely to record over VND 38 billion foreign exchange losses in 2015. Due to over 70% of revenue coming from export sales and chip prices accounting for under 60% of revenue, STK might be able to pay its interest expense as well as foreign exchange losses. After VND devaluation, our industry analyst suppose STK's revenue and NPAT likely reach at VND 1,501 billion and VND 119 billion, increasing by 3% and 12% comparing to last year. In summary, it seems that STK still have a positive outlook because of its expansion capacity to catch up various free trade agreements with TPP, Korea and EU.

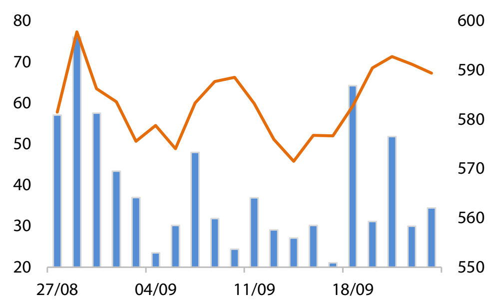
Figure: STK's gross profit

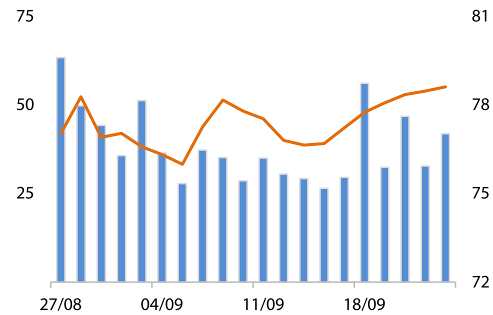


Source: STK

VNINDEX	-0.43%	570.25	VN30	-0.31%	589.42	HNXINDEX	0.18%	78.61

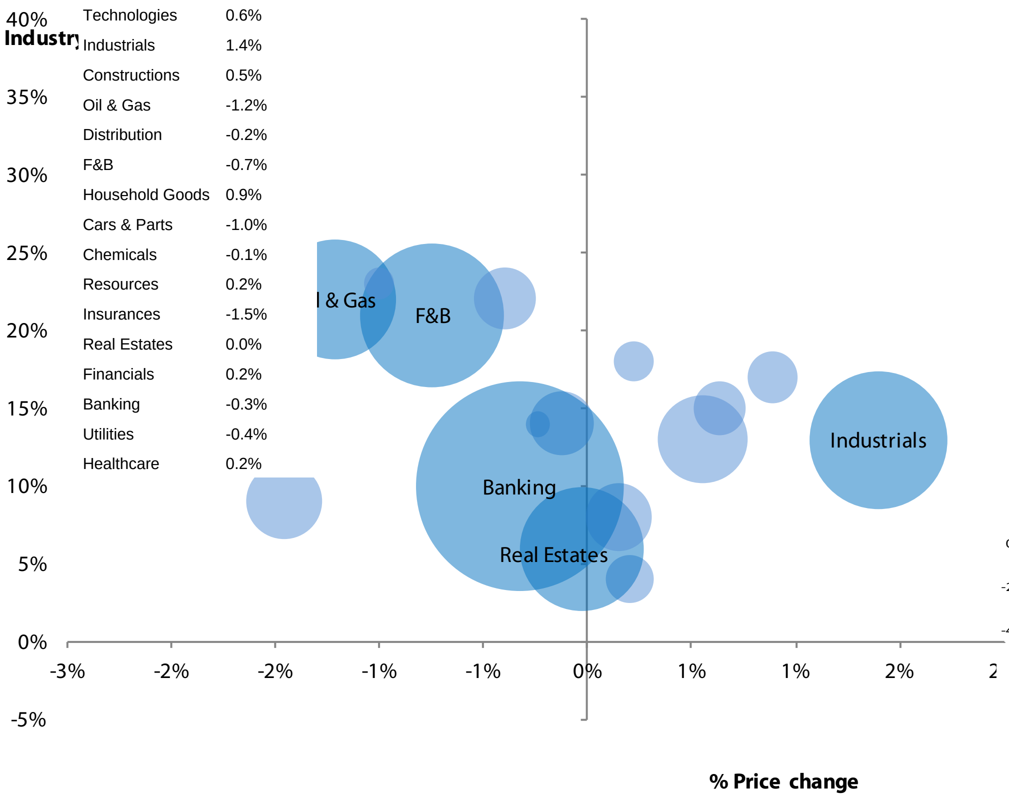




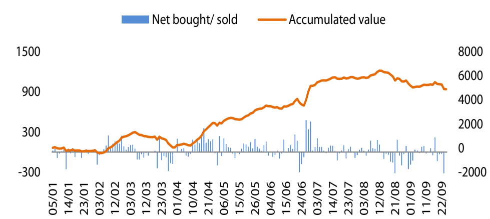


Industry Movement

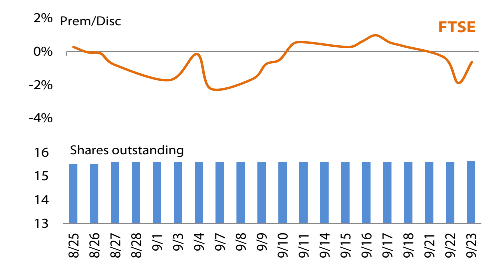
Industry	% change
Technologies	0.6%
Industrials	1.4%
Constructions	0.5%
Oil & Gas	-1.2%
Distribution	-0.2%
F&B	-0.7%
Household Goods	0.9%
Cars & Parts	-1.0%
Chemicals	-0.1%
Resources	0.2%
Insurances	-1.5%
Real Estates	0.0%
Financials	0.2%
Banking	-0.3%
Utilities	-0.4%
Healthcare	0.2%

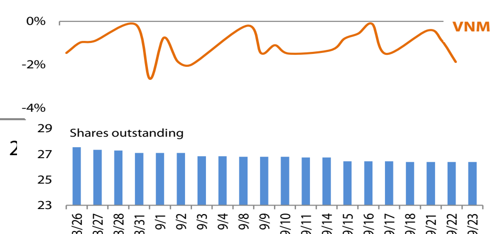


Foreign Investors Trading

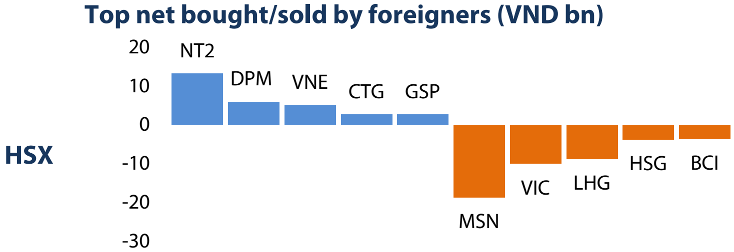


ETF





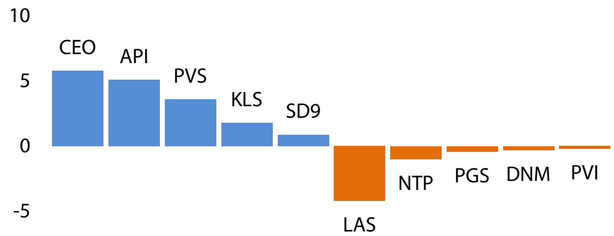
Top net bought/sold by foreigners (VND bn)



Top Active

Ticker	Price	Volume	% price change
VHG	8.4	7.34	0.0%
DLG	6.8	7.30	1.5%
OGC	2.4	4.64	0.0%
CTG	20.4	4.26	1.0%
MBB	15.4	3.72	0.7%

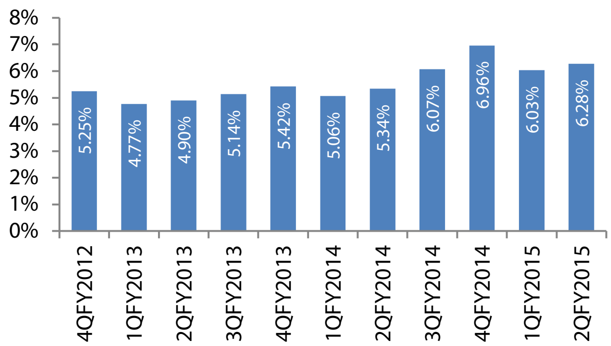
HNX



Ticker	Price	Volume	% price change
KLF	4.5	2.79	0.0%
VIX	8.6	2.58	2.4%
CEO	16.7	2.24	-4.0%
SCR	7.8	1.95	1.3%
API	11.8	1.55	7.3%

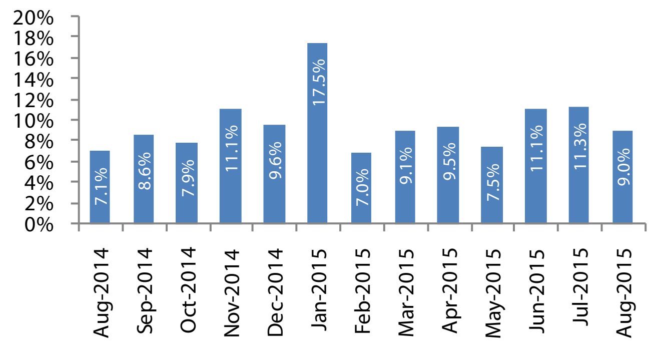
MACRO WATCH

Graph 1: GDP Growth



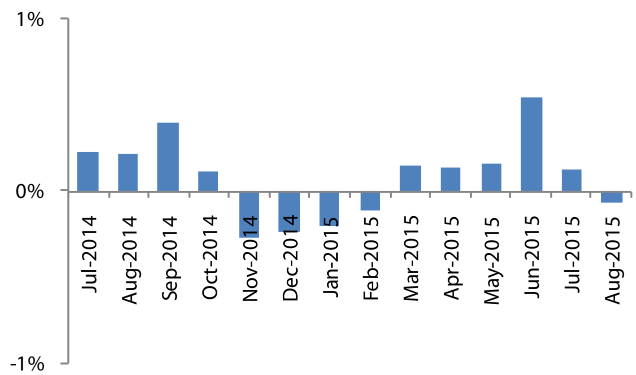
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



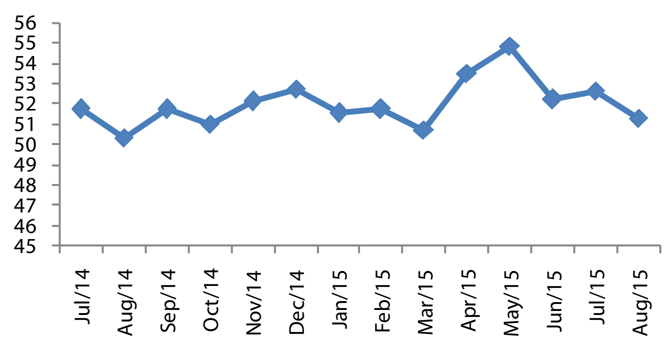
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



Sources: GSO. Rongviet Securities database

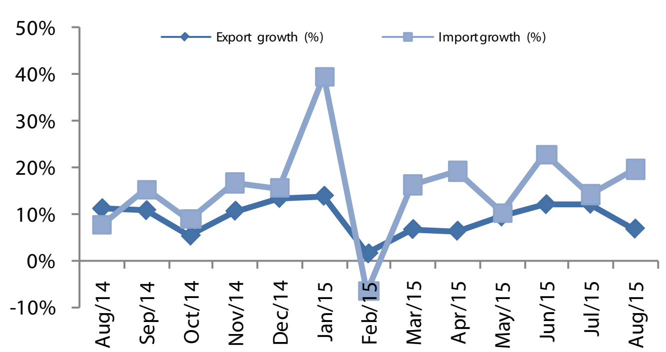
Graph 4: HSBC - PMI



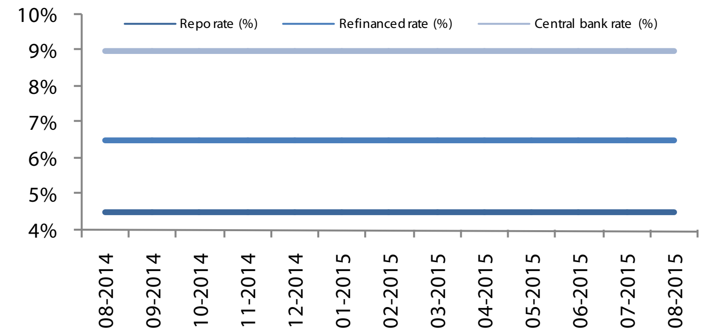
Sources: GSO. Rongviet Securities database

Graph 5: Trade Growth

Graph 6: Interest



Sources: GSO. Rongviet Securities database



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

Diem My Tran

Huong Pham

+ 84 8 6299 2006 | Ext: 1313

lam.ntp@vdsc.com.vn

Tuan Huynh

+ 84 8 6299 2006 | Ext: 1318

Tuan.hm@vdsc.com.vn

Kien Nguyen

+ 84 8 6299 2006 | Ext: 1320

Kien.nt@vdsc.com.vn

+ 84 8 6299 2006 | Ext: 1311

my.ttd@vdsc.com.vn

Van Banh

+ 84 8 6299 2006 | Ext: 1316

Van.btt@vdsc.com.vn

Thien Bui

+ 84 8 6299 2006 | Ext: 1321

Thien.bv@vdsc.com.vn

+ 84 8 6299 2006 | Ext: 1314

huong.pt@vdsc.com.vn

Nam Huynh

+ 84 8 6299 2006 | Ext: 1312

Nam.hk@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