Market today: Abundant capital inflows low down investors' caution

(Tuan Huynh - Ext:1318)

Cash flows still raise higher. Today, total order-matching value in both exchanges was over VND3,500 billion. The average value of this week was over VND3,400 billion. However, due to sudden drop of nearly 5% of crude oil price, our market today also turned less positive. VNIndex and HNX-Index decreased by 0.37% and 0.66%. Besides, market breadth also became narrower, with only 185 advanced tickers compared to 274 declined tickers in both floors.

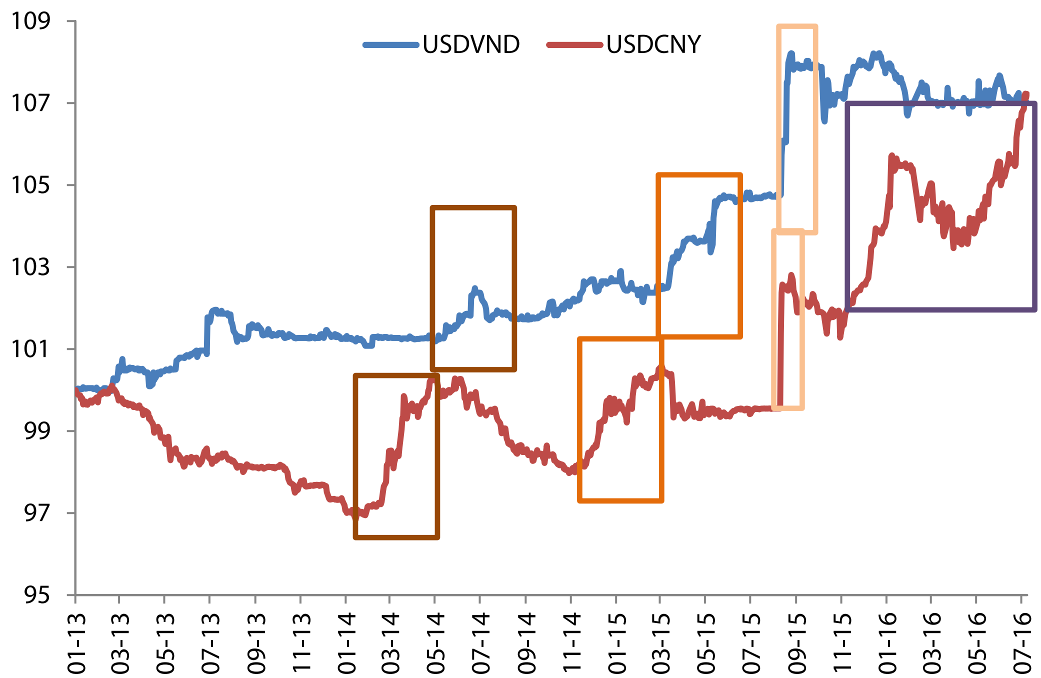
However, foreigners were not too active in this week. Their total net buying value was only VND76 billion in this week. Also, their participation rate was only 5%, relatively lower than common rate of above 10%.

Potential risk factors came from crude oil price and CNY depreciation. As our observation, crude price has turned into downturn phase. In early of this week, we raised concern about this risk and still remain this for next week. This price is currently not supported by both fundamental and technical evidences. Therefore, this downtrend could be extended in next weeks and this price could drop to the support level as in the below figure.

"Abundant capital inflows low down investors' caution"

CNY currency kept its depreciation momentum. This currency depreciated further by 1% after the Brexit session and has lower 5.54% since November 2015. However, since that time, VND has not yet depreciated and even appreciated slightly by 0.2%. Therefore, the deprecation pressure on VND would be higher if CNY continues current trend. By observing correlation between CNY and VND, we see that VND usually depreciates seriously after a strong depreciation on CNY.

USDVND and USDCNY movements



Source: Bloomberg, Rongviet Research

Brent oil price movement

Source: Bloomberg, Rongviet Research

However, we do not expect these two risk factors would trigger in short-term. We bet that oil price and CNY would decline or depreciate with just low speed but these negative movements could be extended for long time. Therefore, our market sentiment would be still supported by high and even redundant cash flows. Our local stock prices are highly correlated with cash flows, especially margin cash flows. Therefore, investors should be cautious and watch closely lending activities of brokerage firms.

Analyst Pin-board

SJD – 6M earnings update

(***Lam Nguyen*** *- Ext: 1313)*

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Recommendations:

After a long rally, VN-Index and HNX-Index corrected slightly. The liquidity remains high as recent previous sessions. The long-term uptrend is still solid and the 640 threshold became support. Traders should hold the portfolio longer and raise the stock/cash ratio when VN-Index retests the support at 640 successful.

PORTFOLIO RECOMMENDED BY TECHNICAL ANALYSIS

Ticker	Price	Action	Buying date	Buying Price	Target Price 1	Target Price 2	Cut loss Price	Selling Date	Selling Price	Gain/ Loose	Duration
NT2	35.4	**Hold**	02/06/2016	31.2	35.0		29.5			13.46%	Intermediate
PDB	26.7	**Hold**	13/05/2016	25.9	28.5		24			3.09%	Intermediate
BCC	15.6	**Hold**	22/01/2016	13.7	15.0		12.5			13.87%	Intermediate
LHC	59.0	**Hold**	21/08/2015	40.5	49.0	60.0	37			42.17%	Long

Notes:

- **Buying Price** is the Close Price at Buying date. **Selling Price** may be the Target Price, Cutloss Price or Closing Price at Selling date depending on specific cases.
- **Target Price 2** will be updated when the stock passes Target Price 1.
- In the ex-rights date, the prices will also be adjusted accordingly
- Duration: **Short-term** is less than 01 month; **Intermediate-term** is from 01 to 03 months; **Long-term** is more than 03 months.

RONG VIET NEWS

COMPANY REPORTS	Issued Date	Recommend	Target Price
PAC - Profit driver from replacement segment	July 04th, 2016	REDUCE – Intermediate	36,600
PNJ - Glittering Gold	July 04th, 2016	Buy – Long term	101,000
Sanest Dien Khanh - Positive growth potential owing to capacity expansion	June 28th, 2016	Buy – Long term	30,000
TCL - Expecting ICD Nhon Trach to drive earnings growth	June 16th, 2016	Accumualte – Long term	34,000
PGS - CNG divestment improves PGS's financial capability	May 26th, 2016	Accumulate – Intermediate	20,600

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
VF1	01/07/2016	0.2% - 1%	0.5%-1.5%	26,949	26,816	0.50%
VF4	01/07/2016	0.2% - 1%	0%-1.5%	12,084	12,021	0.52%
VFA	01/07/2016	0.2% - 1%	0%-1.5%	6,826	6,881	-0.79%
VFB	01/07/2016	0.3% - 0.6%	0%-1%	13,081	13,104	-0.18%
ENF	24/06/2016	0% - 3%	0%	13,494	13,220	2.07%
MBVF	16/06/2016	1%	0%-1%	11,568	11,485	0.72%
MBBF	22/06/2016	0%-0.5%	0%-1%	12,805	12,785	0.16%
VF1	01/07/2016	0.2% - 1%	0.5%-1.5%	26,949	26,816	0.50%
VF4	01/07/2016	0.2% - 1%	0%-1.5%	12,084	12,021	0.52%

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