01

TUESDAY

- **Time for fresh money is about to come**
- **Industrial production slowed down in November**
- **USDA's new rule and the impacts on Vietnam exporters**

Time for fresh money is about to come

Closed lower, Markets slipped 4 days in a row. VNIndex continued to approach lower level at 570 pts, down 2.79 pts. HNIndex lost 0.35 pt and closed at 80 pts. More balance between gainers and decliners than what we saw yesterday. Investors still bought on weakness as total matching volumes fell 16% to 132.15 million shares. Foreigners turned to net seller again with total selling value of more than VND103 billion on both local bourses.

Buyers are still very patient despite sharp drop of markets while sellers, as we observe, are still facing pressure and have to lower their selling prices to seek for liquidity. From these perspectives, we think that markets' movements are dominated by "sale off". Hence, markets must take more time as well as more rigorous supply – demand tests to confirm a bottom.

Back to the story of "Index and Portfolio dilemma" which was mentioned on 18/11/2015, short-term investors are currently facing unflavored situations. There will be corrections in a downtrend; though, most participants take these sessions as opportunities to close their positions. It is not worth to take risk in short-term trading as there are very low chances to beat the markets by opening new positions at present. For long and mid-term investors, accumulating on lower prices or taking advantages of short-term movements to decrease cost of portfolios are recommended.

"Time for fresh money is about to come"

Industrial production slowed down in November

According to the latest report from Nikkei, Vietnam manufacturing PMI reached 49.4, lower than 50.1 of last month. In this month, except from the unchanged level of output, the slowdown of new order and employment indices were two highlight spots. In particular, employment saw the first decline since March 2015. Meanwhile, new order and new export orders decelerated in the third and sixth successive months. As mentioned in the previous AD, it seems that domestic demand has become the main driver for industrial production as well as the whole economy amid the sluggish of global economy, especially China. In November, Chinese industrial production saw a continuous stagnation with PMI reaching 48.6.

As the same time, IMF has announced to include China's RMB in benchmark SDR currency basket with having a 10.92 percent weighting in the SDR, after the USD (41.73%) and EUR (30.93%). Some people supposed that joining the basket is a successful step for China. However, after IMF's decision, the RMB movement and position in upcoming times would be depended on the Chinese economic outlook as well as monetary policy.

Our Macro analyst implied the participation in SDR could not conceal the fact that Chinese economy slowing down which would lead to the RMB devaluation. In the next AD, RongViet Research will share more details relating this story.

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USDA's new rule and the impacts on Vietnam exporters

Recently, the U.S. Department of Agriculture has issued ***new rules for pangasius suppliers, requiring on-site inspections of farms and processing plants for both domestic and foreign producers (mostly from Vietnam)*** to ensure to meet the same standards. The rule is expected to become effective in March 2016, and will be phased in over 18 months, giving foreign suppliers time to make changes needed to comply with the USDA's requirements.

As a result, besides the anti-dumping tariff (be in charge by US Department of Commercial), Vietnam pangasius suppliers will be subject technical barriers regulated by USDA as inspections are expected to execute at least quarterly during the 18-month transition period. In fact, the technical barriers are set to shield those domestic farmers concentrated in Mississippi and Alabama. According to senators, the protectionist program, so-called duplicative and wasteful program, is estimated to cost USD15 million.

Such an announcement was bound to come, but the timing is relatively surprise. However, it might bring disadvantages for Vietnam fishery industry. Especially, the announcement was coincidentally offset to the text of the 12-nation TPP accord, including a promise to Vietnam that US pangasius inspections would not be inconsistent with its obligations under the WTO agreement. Thus, we believe that various technical barriers are set to protect domestic producers. Previously, Farm Bill left big concerns for Vietnam fishery with the regulation of full inspections on pangasius products, instead of residual sampling. The procrastination of Farm Bill partly proceeds from senators' disagreements related to cost issues. Moreover, it is also said that technical barriers for pangasius products would give any exporter of Asian catfish the right to retaliate against a range of US exports such as beef and soybeans. Therefore, cost issue is the key criteria if US Government intends to interfere into USDA's new rules.

According to the latest report related to the effect of restrictions on antibiotic use for production purposes in US livestock industries, USDA said that restrictions would lead to an estimated 1 percent increase in wholesale prices and a decline of less than 1 percent in production. However, we believe that if the regulation is executed, ***the loss for Vietnam pangasius exporters would much huger than USDA's estimates***.

To review 10-month pangasius export activity, total export value demonstrated a number of USD1.3 billion, declined by 10% yoy; in which export value to US was about USD260 million (constituted for 20% of Vietnam pangasius), dropped of ~5% compared to 10M2014. These figures depicted a fishery outlook with lowlight as quarter 3 was expected to be more impressive due to seasonable factor. As sharing, high anti-dumping tariff (0.97 USD/kg in POR10) combined with unhealthy devaluation between many mid and small exporters caused a fall of 7-10% to the same period***. Export value of individuals, thus, witness huge changes in comparison with 10M2014***. Excluding Vinh Hoan and Bien Dong (with preferable anti-dumping tax of 0 USD/kg), export values of most companies in 10M2015 declined considerably.

Figure: Top ten pangasius exporter to US market (unit: million USD)

Companies	10T2015 value	10T2014 value	% yoy
VINH HOAN CORP	187,067	167,075	11.97%
BIENDONG SEAFOOD	95,337	56,780	67.91%
HUNG VUONG CORP	82,958	117,183	-29.21%
NAVICO	77,474	88,304	-12.26%
C. P Viet Nam	70,421	85,694	-17.82%
THUAN PHUOC CORP	59,078	89,364	-33.89%
I.D.I CORP	56,401	53,849	4.74%
AGIFISH	50,016	74,695	-33.04%
GODACO	44,614	39,907	11.80%

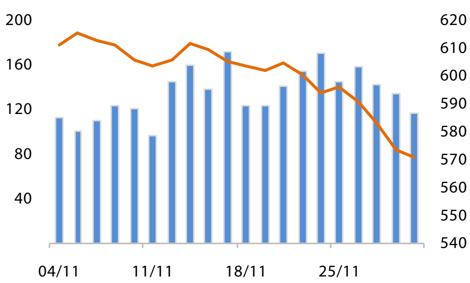
Source: Vasep

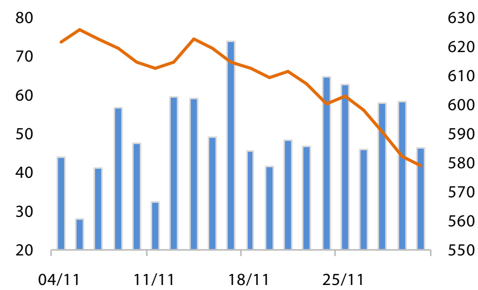
Vietnam Association of seafood exporters and producers forecast that the difficulty in Vietnam pangasius industry continues to occur not only in the last two months but also in 2016 and even

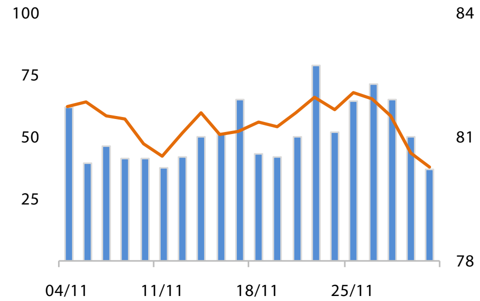
2017. As a result, fishery has currently faced a variety of challenges. If ***USDA executes the new rules, challenges is much bigger***. However, as USDA's requirements are met, exporters receive substantial opportunities, arising from higher export price and minimize unhealthy devaluation.

Large producers such as VHC, HVG were granted for BAP, VietGap, Global Gap standards related to fish farming, for HAACP standard related to production, for ASC related to social responsibility. With a set of global standards, VHC, HVG are likely to meet USDA's requirements. However, USDA has not yet announced detail qualification for on-site farming inspections; thus, ***there is no essential evidence to conclude which producers receive advantages as the new rule is applied***.

VNINDEX	-0.49%	570.41	VN30	-0.49%	579.06	HNXINDEX	-0.43%	80.26

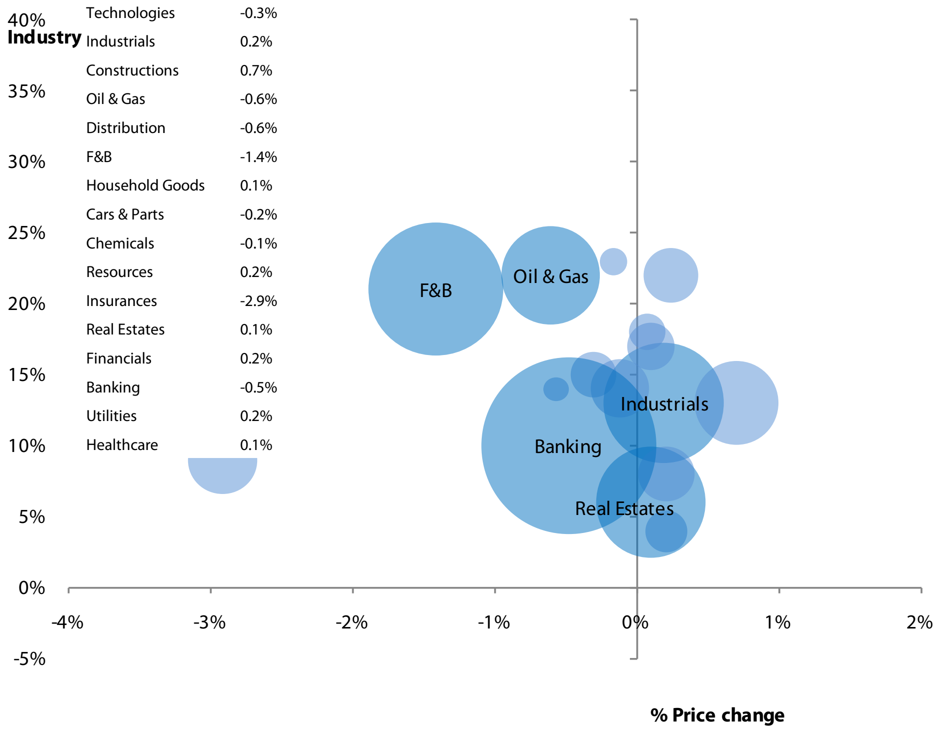




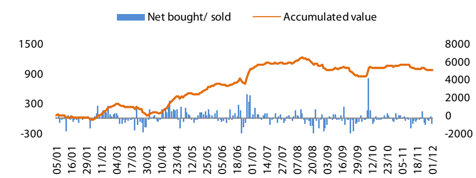


Industry Movement

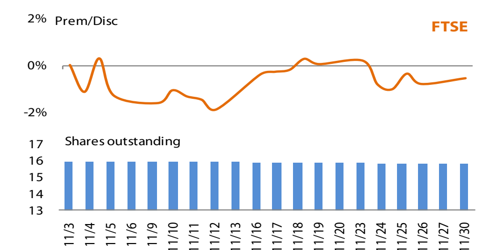
Industry	% change
Technologies	-0.3%
Industrials	0.2%
Constructions	0.7%
Oil & Gas	-0.6%
Distribution	-0.6%
F&B	-1.4%
Household Goods	0.1%
Cars & Parts	-0.2%
Chemicals	-0.1%
Resources	0.2%
Insurances	-2.9%
Real Estates	0.1%
Financials	0.2%
Banking	-0.5%
Utilities	0.2%
Healthcare	0.1%

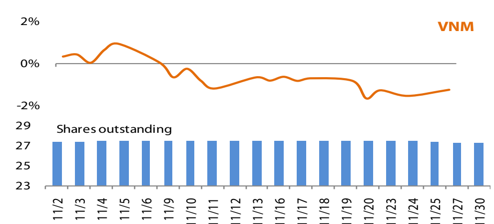


Foreign Investors Trading



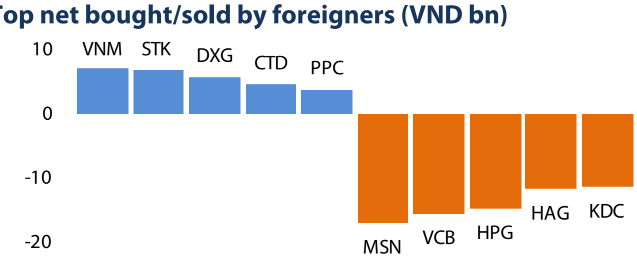
ETF



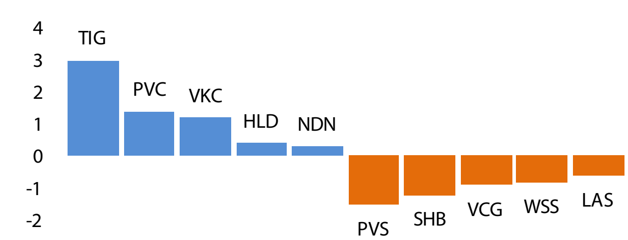


Top net bought/sold by foreigners (VND bn)

HSX



HNX



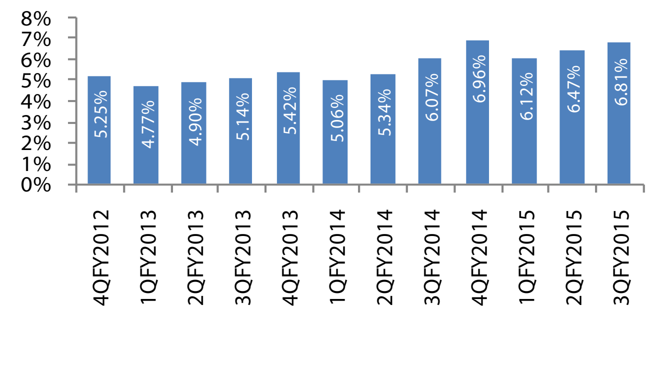
Top Active

Ticker	Price	Volume	% price change
OGC	3.8	12.25	-5.0%
FLC	8.0	11.28	0.0%
HAG	12.0	6.06	-1.6%
CII	22.3	6.03	3.7%
SBT	18.3	4.39	0.5%

Ticker	Price	Volume	% price change
KLF	4.6	2.67	-2.1%
PVX	3.1	2.62	-3.1%
SCR	8.4	2.00	-1.2%
SHB	6.6	1.68	-1.5%
TIG	11.3	1.50	0.9%

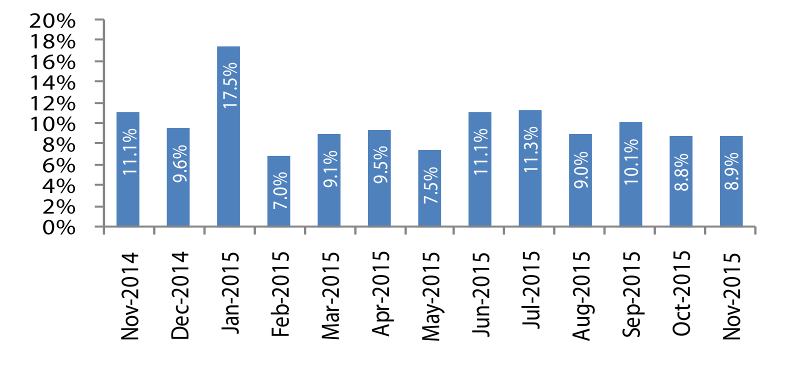
MACRO WATCH

Graph 1: GDP Growth



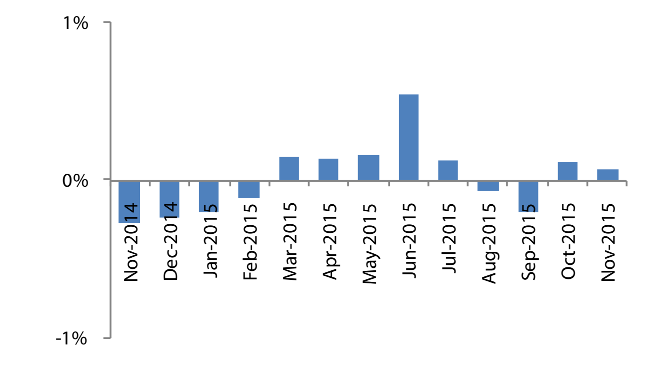
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



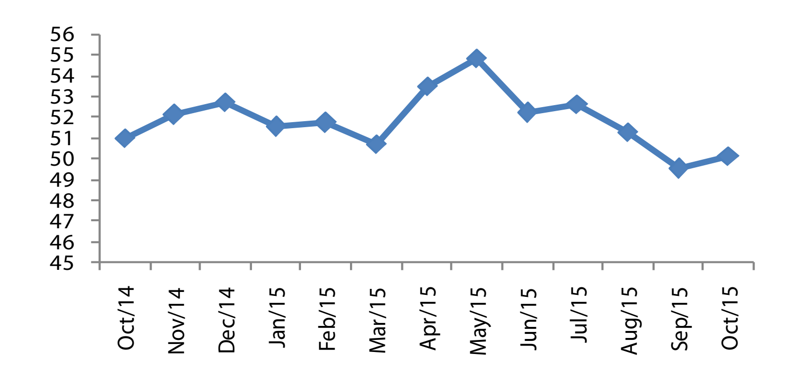
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



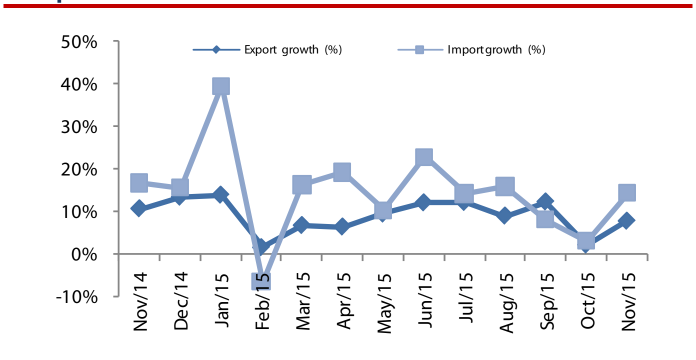
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



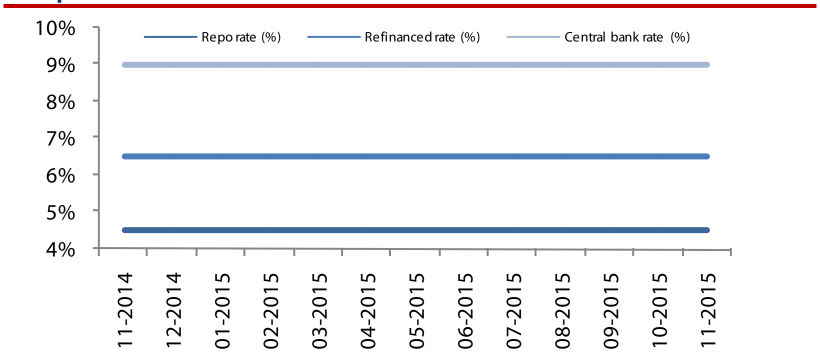
Sources: GSO. Rongviet Securities database

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
LHG - In the right time, in the right place	November 17th, 2015	Buy – Long term	25,700
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
HSG - New investments: The engine of growth	October 29th, 2015	Accumulate – Long term	52,500

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	17/11/2015	0% - 0.75%	0% - 2.5%	12,109	12,099	0.08%
VEOF	17/11/2015	0% - 0.75%	0% - 2.5%	10,276	10,663	0.59%
VF1	25/11/2015	0.2% - 1%	0.5%-1.5%	23,903	23,764	0.59%
VF4	25/11/2015	0.2% - 1%	0%-1.5%	10,847	10,768	0.74%
VFA	19/11/2015	0.2% - 1%	0%-1.5%	7,429	7,418	0.15%
VFB	19/11/2015	0.3% - 0.6%	0%-1%	12,523	12,506	0.14%
ENF	20/11/2015	0% - 3%	0%	12,225	12,156	0.57%
MBVF	19/11/2015	1%	0%-1%	10,740	10,902	-01.49%
MBBF	18/11/2015	0%-0.5%	0%-1%	12,494	12,485	0.07%

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