RONGVIET SECURITIES

JAN

07

THURSDAY

" Rome wasn't built in a day"

6 PM CALL

Market today: Rome wasn't built in a day *(Thien Bui - Ext: 1321)*

Rome wasn't built in a day

While searching for reasons of yesterday markets, investors were struke with another shock from China. PbOC surprised global markets by adjusting reference rate on CNY at 6.5646 per USD, the lowest since March 2011. This was another daily 0.5% depreciation, which is the biggest drop since August 2015. After adopting the news, investors in China stock markets started the sale-off that led CSI 300 Index dropped 7% and triggered the circuit breaker.

Vietnam stock markets took a heavy hit. At certain period of 13 points drop, capital flow for bottom-fishing was relatively proactive but could not reverse the situation. At the end of today session, VNIndex declined by 9 points to 565 points. HNIndex experienced similar situation with 1.53 point loss and closed at 77.15 points. Market liquidity significantly improved with total matching orders at 181.27 million shares, increased by 66% compared to yesterday. MSN was the only ticker that maintained the "green color" under the selling pressure of the whole market. Remarkably, VIC and HAG with late-determination ended today session with gains.

Observing such an abnormal sessions, we can draw 3 conclusions:

- Firstly, 555 – 560 pts zone is a firm short-term support for markets. Since 8th Aug, 2015, VNIndex has approached this support 4 times. Then, bidders always eagerly entered markets, pulled back the Index to higher level.
- Secondly, investors' reaction toward the Chinese stock market's incidence was too pessimistic, which asserts that yesterday was only a normal technical recovery but not a reverse one. Despite the fact that today's session was put under influence by both exchange rate and the Chinese stock market's "auto shutdown regime", we attribute the event to the exchange rate effect eventhough it was not strong, as since August 2015 investors have gone through a similar story. In fact, the CNY's repeated depreciation did not prevent the stock market from moving calmly. The Chinese stock market has not recovered fully, its auto-shutdown regime also needs to give investors more time to adjust, or even policy makers would need time to monitor accordingly. Therefore, Vietnam's stock market may continue to witness similar incidences (follow China's stock market crash) for a suitable length of time. Only then could investors adapt as good as they did during the exchange rate event.
- Thirdly, "big" money did not fully participate in markets. There were mostly retailed investors trading on markets since then. As there are mixed of real strong stocks and "unreal strong" stocks, the more supply-testing sessions appear, the better investors could filter which are the real ones. Large cap stocks are still recommended. Afer today session, the differences between open ~ intraday low prices of large , medium and small cap stocks were 2.69%, 2.74% and 2.91% respectively, which partially support such choice for large cap stocks.

In brief, real market strength should be revealed in these declining sessions when pressure is significant to investors rather than in upward movement sessions, in which long-short decisions are easier. Currently, sessions like this are proven to be important as they can (1) clarrify whether capital inflows are real money or the margin lending as well as whether institutional investors take part in or not and (2) be a stress test for investors.

Analyst Pin-board

BCI – Untying the knots

(Tai Nguyen - Ext: 1310)

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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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