SEPTEMBER

10

THURDDAY

ADVISORY DIARY

- **Exchange rates in the relationship with emerging stock markets**
- **Market's unsuccessful struggle because of exhausted liquidity**

Exchange rates in the relationship emerging stock markets

Besides listed companies' performances, other macro-economic factors such as GDP, interest rates and money supply, exchange rates also displays a close correlation to the stock market's movements, especially because export-import activities and foreign capital flows have placed a major contribution to nations' GDP. Observing historical exchange rates in Japan with other five emerging economies in Southeast Asia, including Vietnam, Thailand, Indonesia, Malaysia and the Philippines there seems to be a significant correlation between the exchange rates and the stock indices.

The relationship between exchange rates and stock markets in emerging markets differs with that of the developed market. According to Abenomics, by implementing loose monetary policy as well as stimulating export growth, Japan will likely benefit from the JPY depreciation. Therefore, it is clear that USDJPY and its stock index have a positive correlation. However, the domestic currency depreciation has witnessed the negative impact on the emerging stock markets. The 2005-2011 period, including the global financial crisis, caused a series of currency devaluations in Southeast Asian countries (Thailand, Indonesia, Malaysia ...). These markets reacted negatively to the devaluation and only went back stably when the domestic currencies appreciated. 2008, which is the toughest period of the global stock markets, also saw a high record in currency devaluations. It took other indices 1-2 years including the SET index, FBMKLCI and JCI to recover to the pre-crisis levels. Since 2011 onwards, Thailand, Indonesia and Philippines have seen the most negative correlation between the stock markets and the exchange rates.

With respect to Vietnam, whose currency has always been in the depreciation pattern against USD, the stock market is seen to go down strongly when SBV devaluates VND. The two most recent devaluations were in 2009 (6%) and 2011 (9%), which were followed by VnIndex going unstable. Especially, after the 9% devaluation in February 2011, the index declined through the year and it was not until February 2013 did it start to stabilize. SBV devaluated VND by a total of 5% during the first 8 months of 2015 and the market went down almost immediately after the 2% devaluation on August 19th. Even though the market reacted pessimistically to the exchange rate raises, our analyst expect SBV's action this time would help the currency regain its balance against others and maintain Vietnamese's commodity competitiveness in order to assist macroeconomic stability.

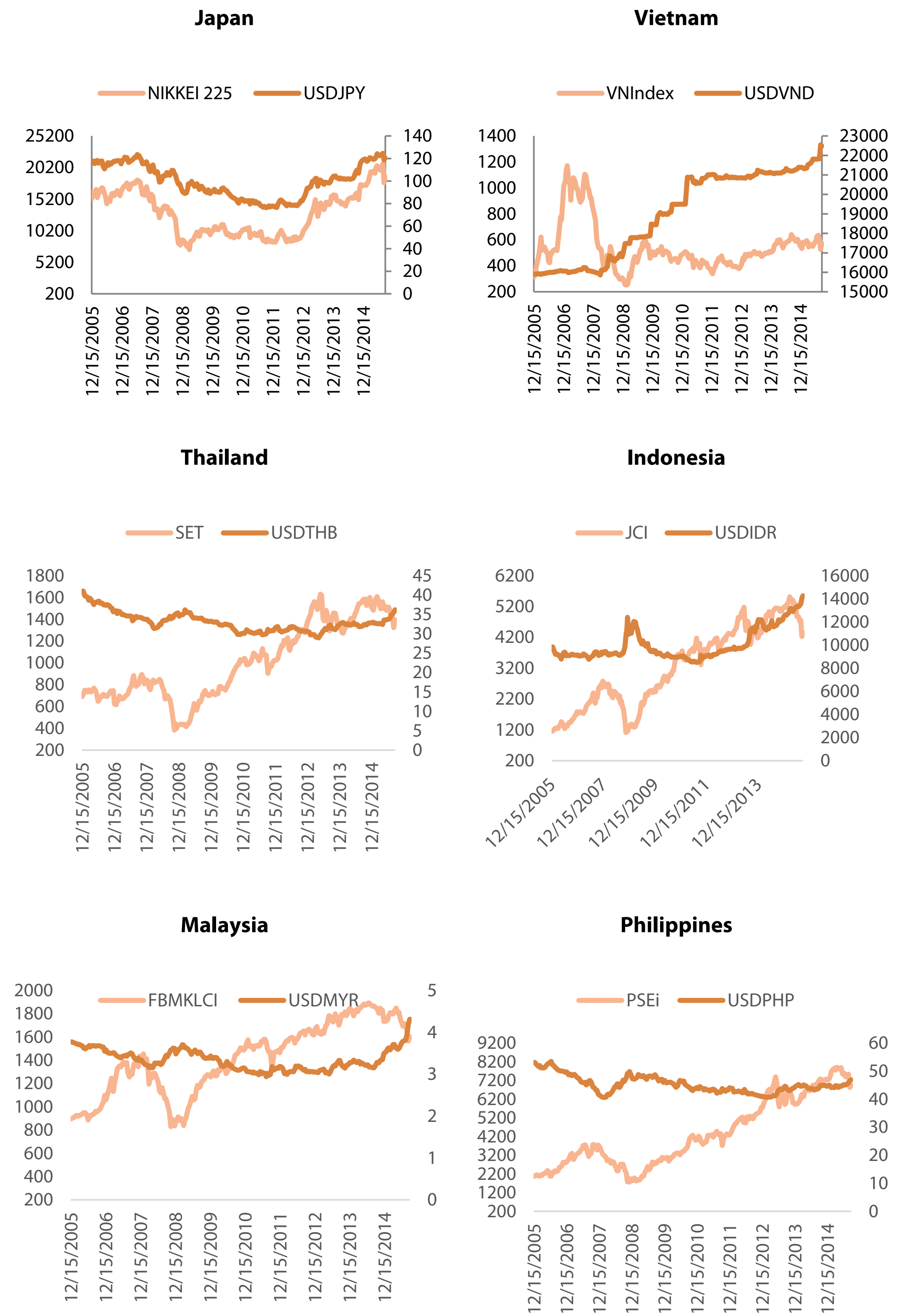
"Market's unsuccessful struggle because of exhausted liquidity"

Trinh Nguyen

+ 84 8 6299 2006 | Ext: 1331

Trinh.nh@vdsc.com.vn

Exhibit: Exchange rates and Stock market indices



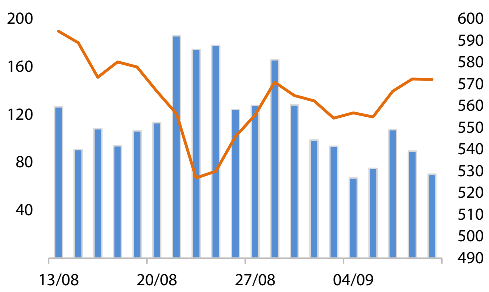
Source: Bloomberg, RongViet Research

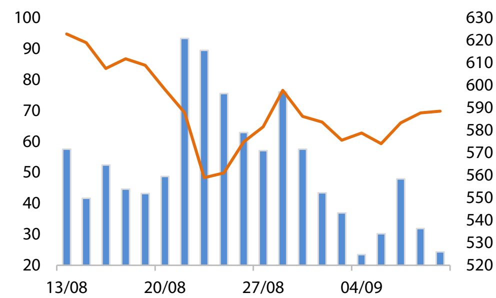
Tomorrow, September 11th, RongViet Research will publish a special report focusing on the impact of China's devaluation of the Yuan on Vietnam's economy. In particular, investors can find a detailed analysis regarding the possible risks from CNY's devaluation faced by Vietnam's balance of trade, SBV's reaction and the effect of TPP progress on investors. Moreover, our reports will analyse the influence of China economy stagnation on (1) Vietnam FDI and (2) the possible that FED will rate hike in September. We hope that our investors who are concerned with the exchange rate risks could find this a useful report in order to make appropriate investment decisions on Vietnam stock market.

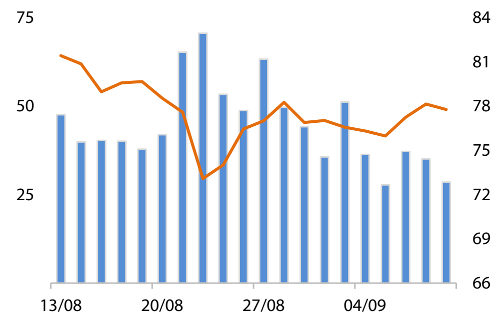
Market's unsuccessful struggle because of exhausted liquidity

In today's trading session, both exchanges traded less actively after two-day strong gains. Liquidity continued falling for the reason of cautious sentiment. On HSX exchange, the transaction volume and value decreased by 30% and 35% compared to August 2015 average. The figure for HNX exchange also plunged, with a 29% decrease in volume and 21% in transaction value. Today, even though VN30Index closed with an increase of 0.14% due to an incline of some leading stocks such as SSI, VCB, VNM, FPT, there was not enough support. Despite cautious market sentiment, foreign investors kept their net buying position regarding banking, securities and insurance stocks. VCB was in the position of VND 29.3 billion net buy, but closing at only 0.4% increase. We expect the on-going standby is not going to create short-term investment opportunities, when risks lie under the investors' dismay caused by low liquidity. However, based on our experience, long-term investors would have more opportunity to accumulate in this period.

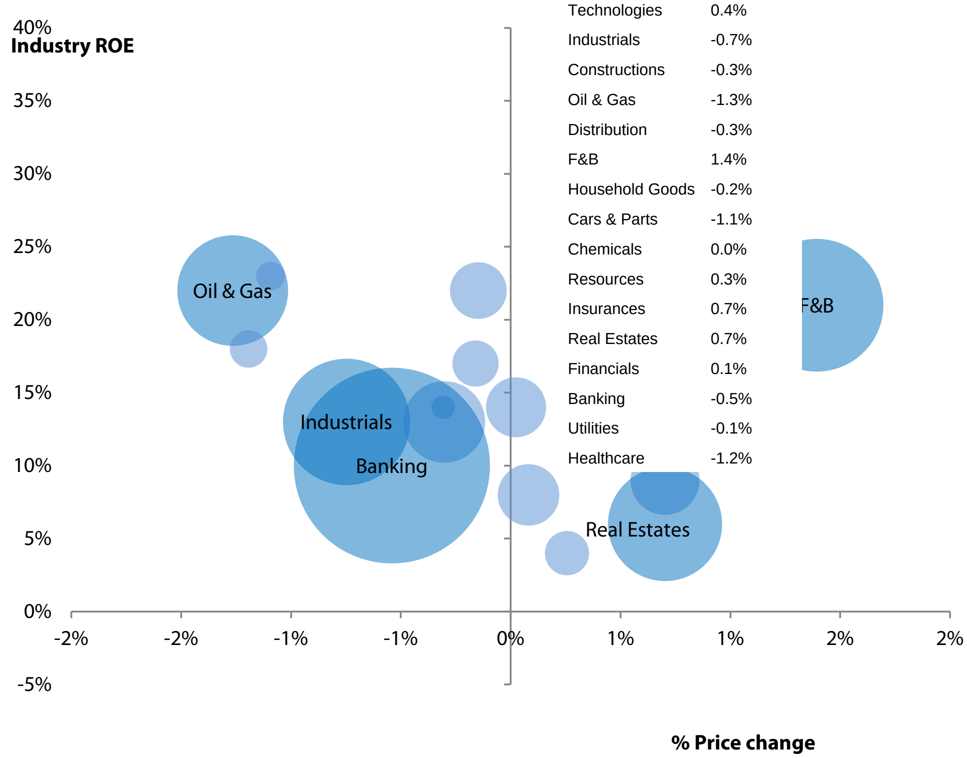
VNINDEX	-0.05%	572.07	VN30	0.14%	588.54	HNXINDEX	-0.47%	77.79





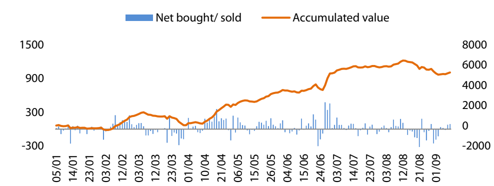


Industry Movement

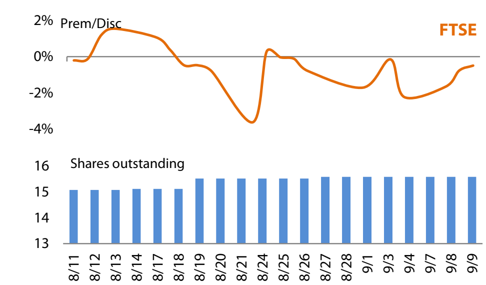


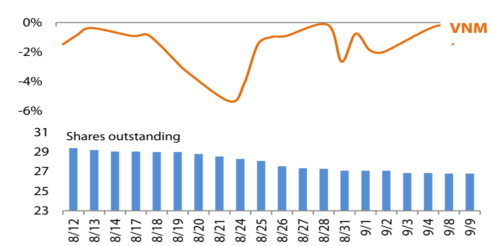
Industry	% change
Technologies	0.4%
Industrials	-0.7%
Constructions	-0.3%
Oil & Gas	-1.3%
Distribution	-0.3%
F&B	1.4%
Household Goods	-0.2%
Cars & Parts	-1.1%
Chemicals	0.0%
Resources	0.3%
Insurances	0.7%
Real Estates	0.7%
Financials	0.1%
Banking	-0.5%
Utilities	-0.1%
Healthcare	-1.2%

Foreign Investors Trading

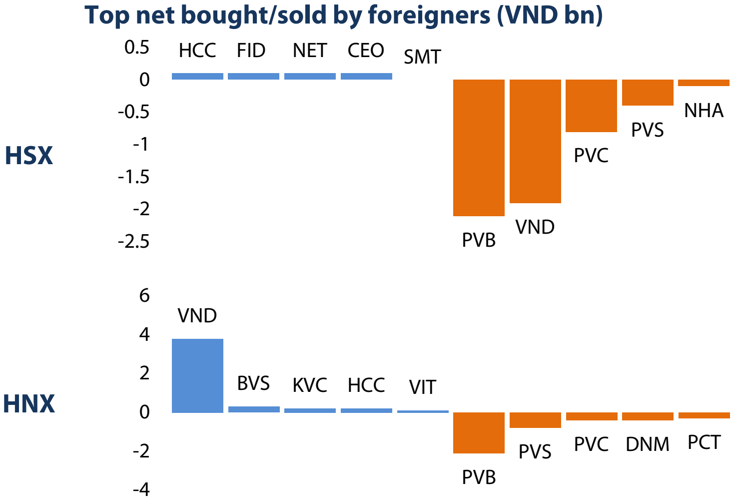


ETF





Top net bought/sold by foreigners (VND bn)



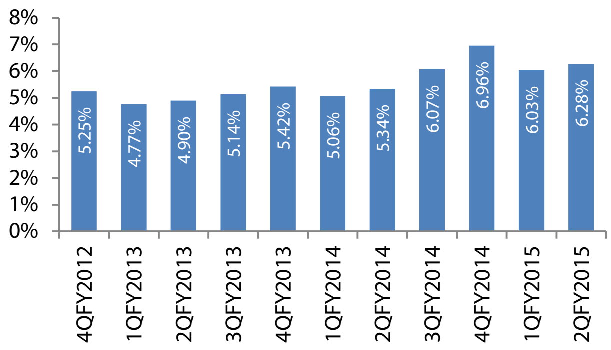
Top Active

Ticker	Price	Volume	% price change
SSI	25.4	4.01	1.6%
DCM	13.1	3.40	1.6%
VHG	8.2	3.24	3.8%
FLC	6.6	2.70	0.0%
BGM	3.4	2.66	0.0%

Ticker	Price	Volume	% price change
TIG	11.4	2.98	-0.9%
VIX	8.4	2.04	3.7%
S99	7.6	1.81	5.6%
KLF	4.6	1.46	2.2%
FID	14.3	1.35	-2.7%

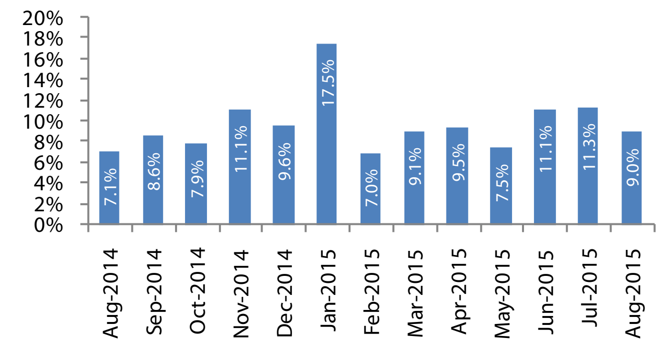
MACRO WATCH

Graph 1: GDP Growth



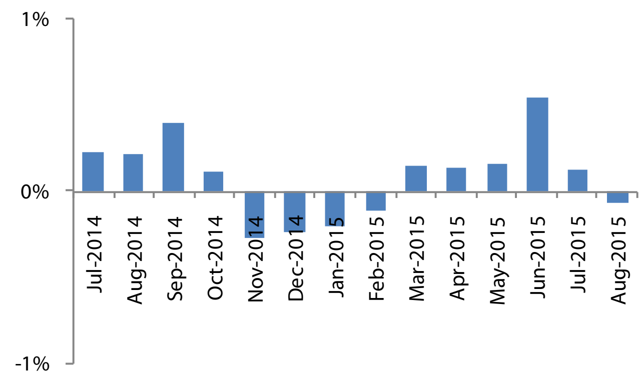
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



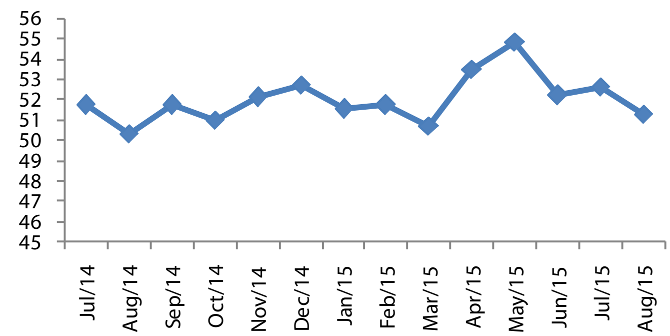
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



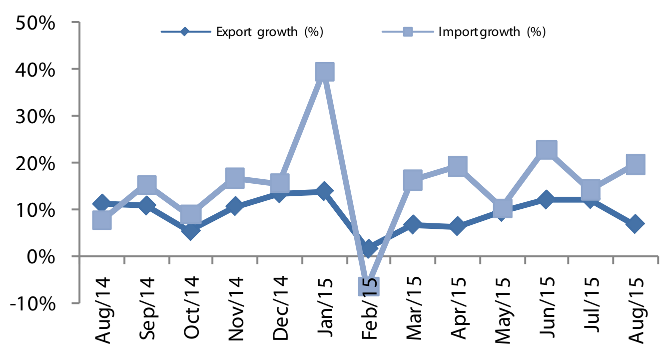
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



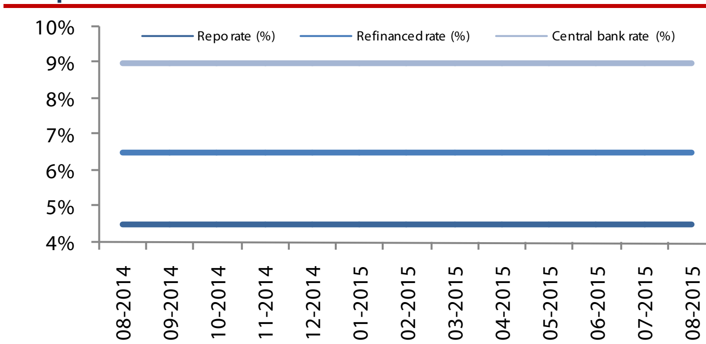
Sources: GSO. Rongviet Securities database

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
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	01/09/2015	0% - 0.75%	0% - 2.5%	11,861	11,797	0.54%
VEOF	01/09/2015	0% - 0.75%	0% - 2.5%	9,874	9,464	4.33%
VF1	04/09/2015	0.2% - 1%	0.5%-1.5%	22,009	22,314	-1.36%
VF4	04/09/2015	0.2% - 1%	0%-1.5%	9,806	9,626	-1.21%
VFA	04/09/2015	0.2% - 1%	0%-1.5%	7,032	7,130	-1.37%
VFB	04/09/2015	0.3% - 0.6%	0%-1%	12,303	12,293	0.08%
ENF	27/08/2015	0% - 3%	0%	11,297	11,518	-1.92%
MBVF	27/08/2015	1%	0%-1%	10,364	10,514	-1.43%
MBBF	26/08/2015	0%-0.5%	0%-1%	12,304	12,262	0.34%

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

+ 84 8 6299 2006 | Ext: 1313

lam.ntp@vdsc.com.vn

Diem My Tran

+ 84 8 6299 2006 | Ext: 1311

my.ttd@vdsc.com.vn

Huong Pham

+ 84 8 6299 2006 | Ext: 1314

huong.pt@vdsc.com.vn

Tuan Huynh

+ 84 8 6299 2006 | Ext: 1318

Tuan.hm@vdsc.com.vn

Van Banh

+ 84 8 6299 2006 | Ext: 1316

Van.btt@vdsc.com.vn

Nam Huynh

+ 84 8 6299 2006 | Ext: 1312

Nam.hk@vdsc.com.vn

Kien Nguyen

+ 84 8 6299 2006 | Ext: 1320

Kien.nt@vdsc.com.vn

Thien Bui

+ 84 8 6299 2006 | Ext: 1321

Thien.bv@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