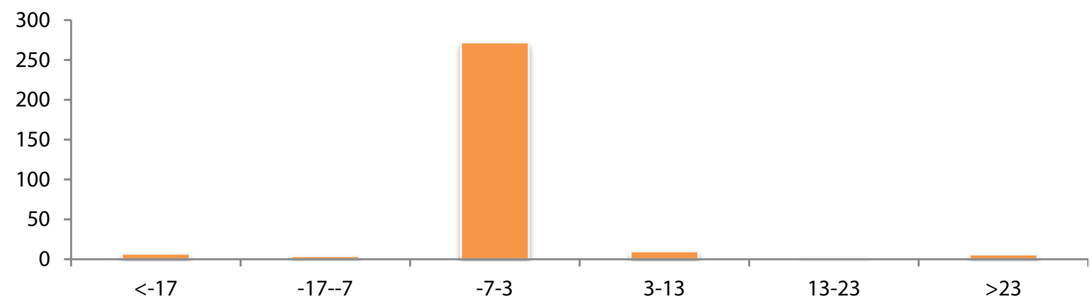
- **Making tough choices at the crossroads of market after a 600 break-out**
- **Q3 updates: MWG**
- **Coated steel exports: Risks and opportunities from safeguard measures**

Making tough choices at the crossroads of market after a 600 break-out

Trading became livelier towards the end of this week. Both indices made their gain compared to last week, in which VNIndex up 1.5% and HNIndex ended +0.5%. 3 days of small losses regained in 2 final days of the week. Strong moves in VIC and VCB (and other large caps). Market sentiments became bullish as large caps gained in prices and in numbers. Hence, market breadth improved and most of stocks made their advances. There were 2 gainers/decliner (the approximate number was 1.6).

Brief statistic on Q3 earning results showed that earning season did not support markets. Using data from 302 enterprises announcing business result, we see that Q3 NPAT do not outperform last year result. Moreover, most of companies (232/302) have their NPAT movements from -1% to 2% yoy. Hence, we think the positive markets in 2 last days majorly come from investors' sentiment as they see large caps make their moves.

Distribution of yoy Q3 PAT growth



Source: Rongviet Reseach

Exchanges liquidity has not been improved but foreign investors started the net-buying position. Total average trading volume in both stock exchanges this week reached 133.6 million shares, continued the decline trend with 10% compared to previous week. However, foreign investors shifted into the net-buying position from the net-sell with over VND 185 billion. Several stocks that have been net-bought are CII (VND +66.6 billion), VIC (VND +54.8 billion), HHS (VND +28.8 billion), STK (VND +23.9 billion), DCM (VND +20 billion). Particulars, VIC net-buying trading activities received positive response from domestic investors. Therefore, during the first day of net-buy of VIC (Thursday), it has significantly increased by 1.9% during Thursday and followed up by 4.5% on Sunday.

In summary, exchanges this week has emitted the signals for significant rally but we believe that such signals had the characteristics of attracting the attention rather than optimistic supports in term of information or business results from listed companies in Q3. With the widespread and strong rally during the last two sessions this week, next week could face the profit-taking pressure during mid and late-weekdays.

However, we could not exclude the possibility that stock exchanges could experience several "surge" days in both indices and liquidity. According to regular sentiment, indices came through the accumulation phase long time ago (2 weeks) in side-way position in peak of 590 – 600 and being stimulated for a widespread increase over the last 2 sessions to leave the peak, investors could vulnerably experience the regret sentiment due to the late investment and decide to re-participate in the market, especially in technical analyst style. If this scenario happens, liquidity could experience

"Making tough choices at the crossroads of market after a 600 break-out"

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several significant rallies for a few sessions from 600. Therefore, personal investors could invest in T+3 waves. However, with the investment purpose to hold until late 2015, we believe that investors should not be impatient to buy several surging stocks.

Q3 updates: MWG

Mobile World Investment Corporation (MWG-HSX) published brief report of 9M business result. According to that, the Company's 9M revenue was VND17,506 billion and 9M PAT was VND 744 billion, reaching 84% this year's guidance. Besides, Q4 is always the best performance of MWG so we believe PAT this year will overcome VND 1,000 billion, higher 10% than our forecast in the report published in 25/5/2015 thanks to stability of thegioidiong and DienmayXanh chain as well as contribution of over 157 new stores opened in first 9M of this year. If PAT overcomes VND 1,000 billion, 2015's diluted EPS will over VND 7,700 per share, equivalent to PE of 8.8x using today closed price. This PE is relatively low to its large capital and high estimated growth in 2016.

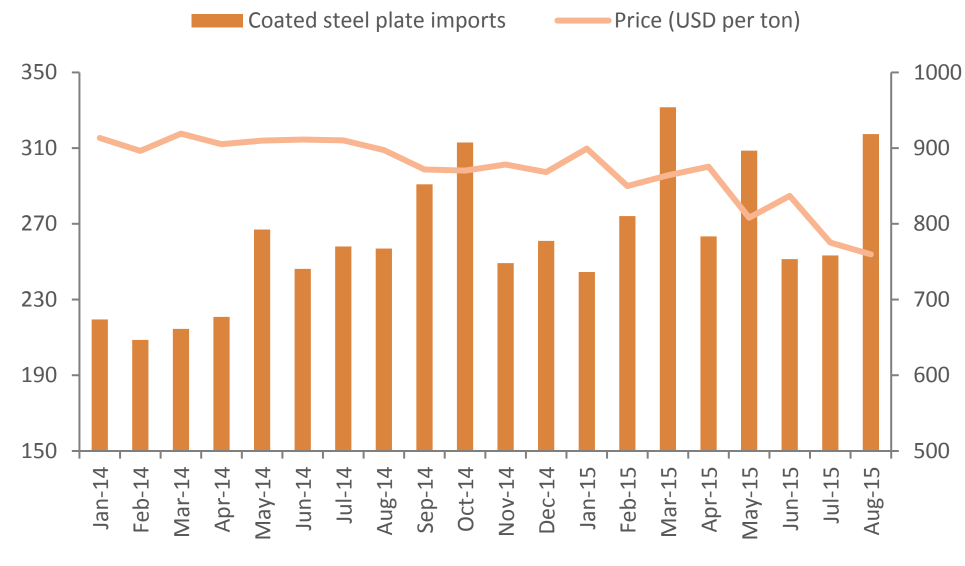
However, the key concern on MWG is its growth prospect in 2017 where the main growth driver will depend on Bach hoa Xanh chain. This chain will be officially launched in November and be for trial in next year. Therefore, it is not sufficient facts for estimating success of this chain so investors may raise concern on it. Late of next week, we will attend a meeting with BOD of MWG and will update more details.

Coated steel exports: Risks and opportunities from safeguard measures

Due to an economic slowdown, Chinese steel industry still witnessed a recession. As a result, cutting steel export price is a suitable way to overcome the oversupply of over a couple of million tons per year. This strategy has firstly focused on Asian countries which have higher demand for construction and manufacturing productions rather than the remaining of the world. According to Vietnam Steel Association (VSA), the Chinese steel export's proportion to Asian countries increased from 22% to 31% between the early 2014 and July, 2015.

Our analyst supposes that because the lowering steel price, Vietnamese coated steel sheet producers (a sub-sector of the steel industry) which had high competitiveness, have faced challenges related to save cost merger coming from Asian producers. It seems that some major markets have recently implemented aggressive safeguard measures in order to protect their domestic producers through anti-dumping lawsuits. More specific, Indonesia and Malaysia implemented Anti-dumping (AD) duties for coated steel sheet, with 46% for the former and 5-16% for the latter, meanwhile Thailand has launched AD investigation on Vietnamese Zinc coated steel sheet. Moreover, according to VSA, a decrease in coated steel sheet export volume has proven the instability of export volumes. Thus, investigations and lawsuits in regional markets have brought various disadvantages to Vietnamese producers.

Figure 1: US coated steel imports (thousand MT)



Source: US Census, RongViet Research compiled

Meanwhile regional markets are causing difficulties for coated steel exports, forcing companies to find new markets. Regarding this issue, the significant decline in Chinese steel could be the opportunity for Vietnam exports. In the US market, after the period of China dominating over 50% market share in coated steel segment, this country faced the anti-dumping legal case from domestic companies. According to the statistics in 06/2015, China could not export this type of product to US market, while minority proportion of these products could be sold at 35% higher prices. With US's regular imports of 200,000 tons per month, the market share left by China could partially explain the surge in Vietnam coated steel exports, especially in 08/2015.

Figure 2: US's import amount and price of Vietnamese coated steel

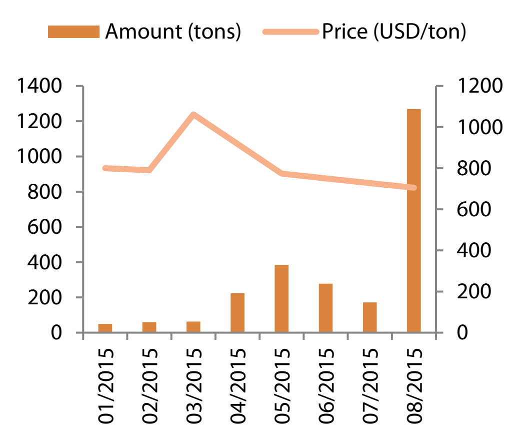
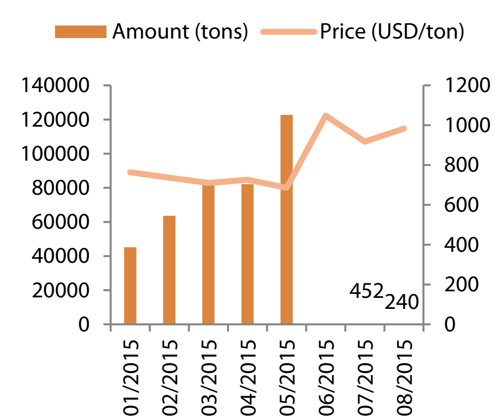


Figure 3: US's import amount and price of Chinese coated steel



Source: US Census, RongViet Research compiled

With the demand of 2 to 3 million tons per year, the US market can be a solution to Vietnamese coated steel exports. However, it is noticeable that Vietnamese products have been fairly new to the market, thus may avoid AD investigations. AD duty, therefore is still an foreseeable risk as Vietnamese manufacturers gain more market shares. It is estimated that Vietnam's coated steel export price is equal to that of China prior to the AD effect.

Additionally, Vietnamese coated steel makers wishing to export to developed countries need to concern about not only prices and AD risks but also product quality. In fact, coated steel has gotten a simple production process, including basic steel coated with corrosion resistance layers and a colour topcoat. Thus, the product quality depends on (1) the quality and thickness of the core steel sheets, (2) the thickness and adhesion of the coatings. Regarding markets that demand high quality coated steel, producers are required to (1) purchase or import high quality HRC or CRC, (2) adjust production process to control the thickness and adhesion of the coatings and (3) invest in modern rolling, dipping, galvanising machinery. While the first two requirements can be met in a short time, the last-but-not-least condition needs great amounts of time, capital and preparation. Observing the sector, we expect that the firms who have established new mills or expanded current capacity are likely to anticipate benefits from the new export trend.

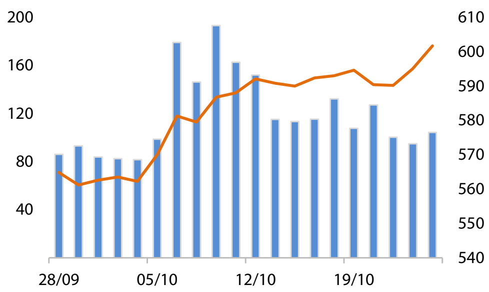
Table: Recent coated steel mill projects

Company	Capacity (tons per year)	Machinery origin	Estimated time of establishment
Dong A	800,000	Italy, Japan	2014
Phuong Nam	230,000	Italy	2015
Nam Kim (NKG)	800,000	Italy, Germany	2016
Hoa Sen (HSG)	1,000,000	Germany	2016

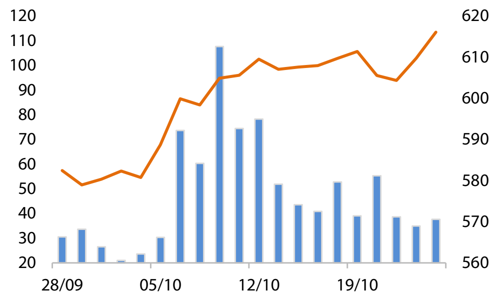
Source: RongViet Research compiled

Among the coated steel companies which have recent investment projects, Hoa Sen Group (HSG) and Nam Kim Steel JSC (NKG) stand in the first and second position in term of market shares in the whole industry (39% and 19% respectively). With the monthly average sales at 60,000 and 30,000 tons respectively (half of which are exports), HSG and NKG have particular advantages regarding approaching the market demand in US market. While other companies have lower export proportions, promoting exports could be the priority solution for steel enterprises and the foreign currency sources in order to reduce foreign exchange risk. According to Rongviet Research's analyst, if HSG and NKG could take the advantages of the decline in Chinese steel imports, they could diversify exporting markets, reduce legal risk (anti-dumping issue) and achieve an optimistic output prospect for new factories in the future.

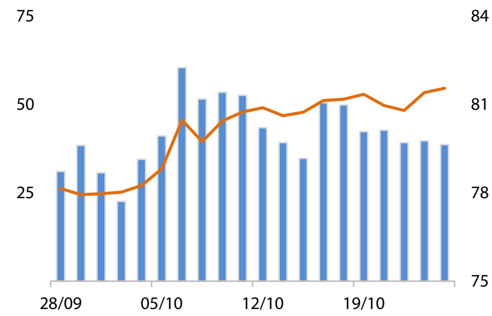
VNINDEX 1.12% 601.74



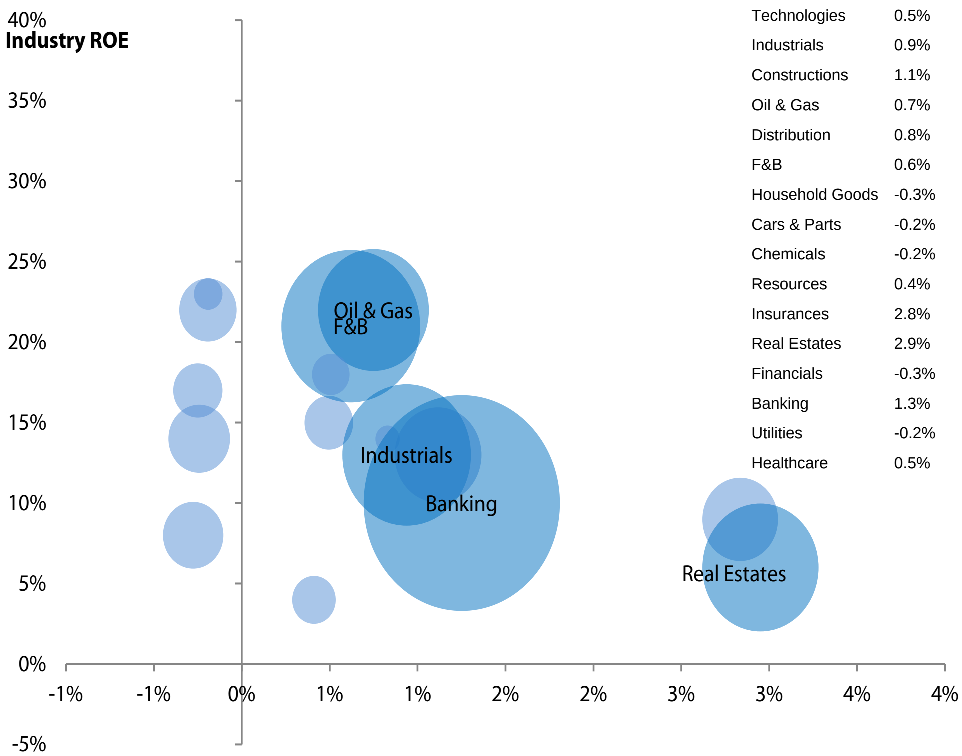
VN30 1.03% 616.07



HNXINDEX 0.17% 81.55

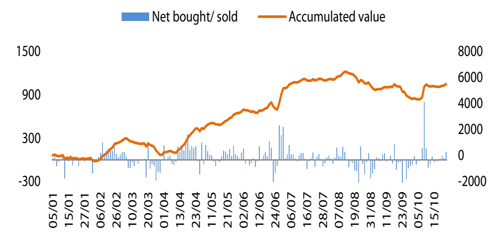


Industry Movement

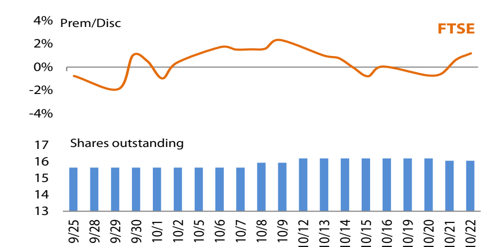


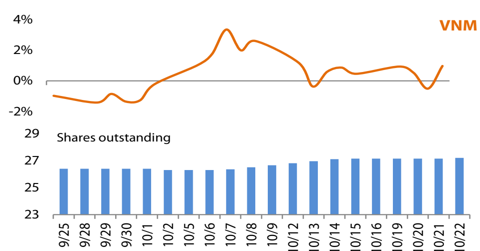
Industry	% change
Technologies	0.5%
Industrials	0.9%
Constructions	1.1%
Oil & Gas	0.7%
Distribution	0.8%
F&B	0.6%
Household Goods	-0.3%
Cars & Parts	-0.2%
Chemicals	-0.2%
Resources	0.4%
Insurances	2.8%
Real Estates	2.9%
Financials	-0.3%
Banking	1.3%
Utilities	-0.2%
Healthcare	0.5%

Foreign Investors Trading



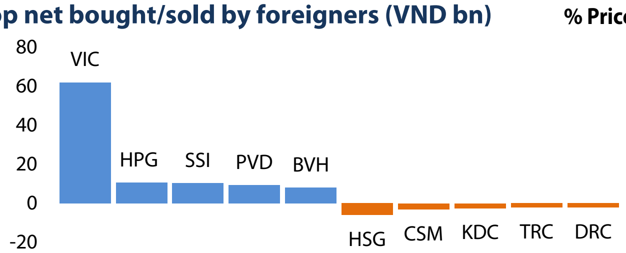
ETF



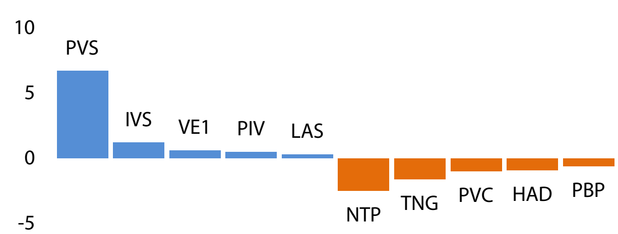


Top net bought/sold by foreigners (VND bn)

HSX



HNX



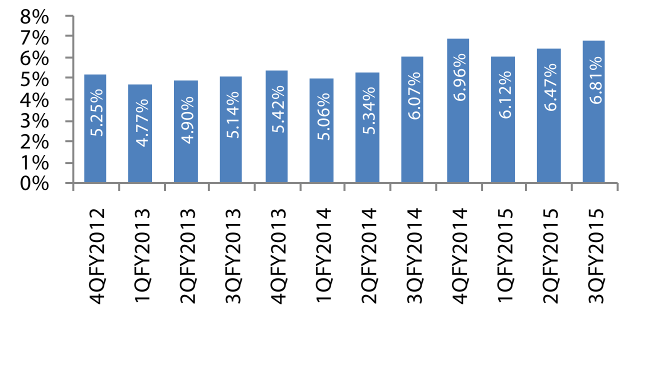
% Price change Top Active

Ticker	Price	Volume	% price change
ITA	6.7	4.67	-1.5%
DXG	19.8	4.67	6.5%
SBT	15.8	4.27	2.6%
FLC	7.1	4.18	1.4%
VIC	44.4	3.21	4.5%

Ticker	Price	Volume	% price change
TIG	11.8	3.93	2.6%
SCR	8.0	1.77	0.0%
PVS	22.6	1.56	0.0%
KLF	4.4	1.48	-2.2%
SHB	6.8	1.14	0.0%

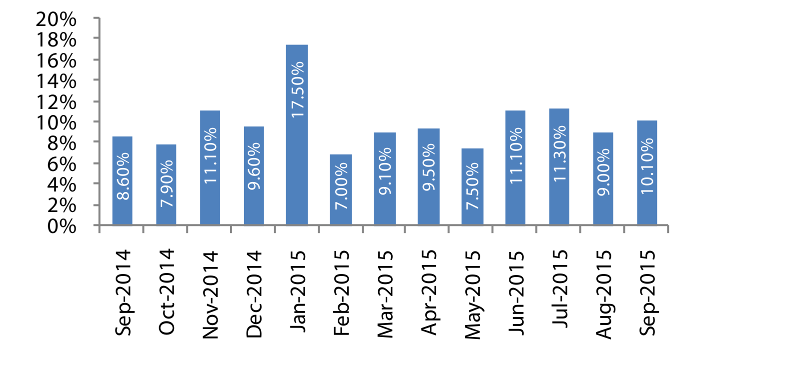
MACRO WATCH

Graph 1: GDP Growth



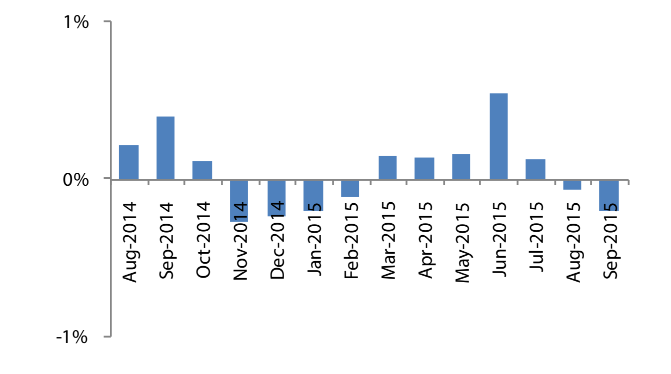
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



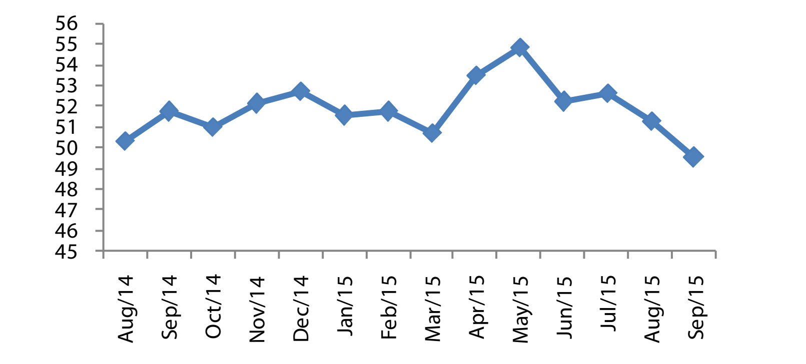
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



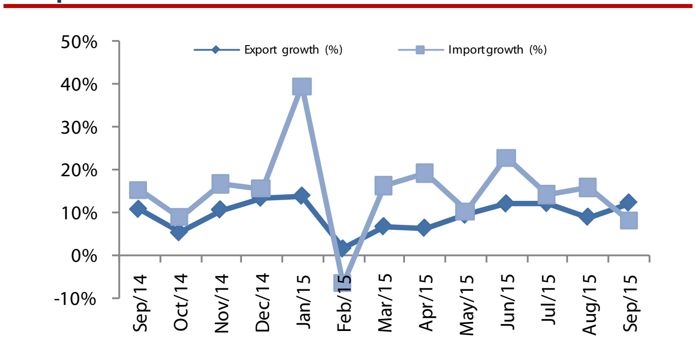
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



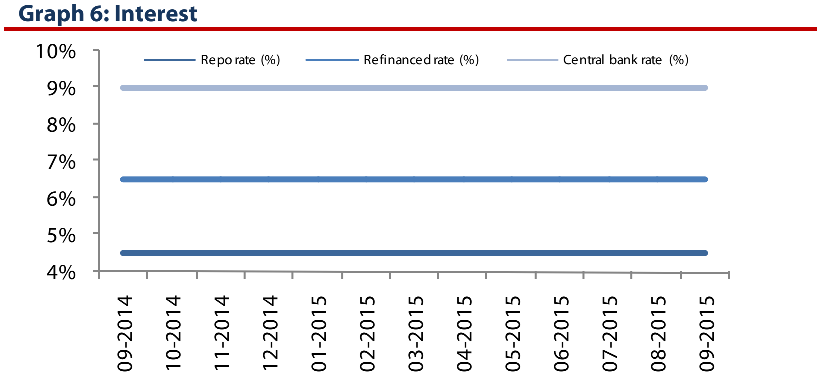
Sources: GSO. Rongviet Securities database

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
CHP- Off season advantages	Sep, 30th 2015	Buy - Intermediate	23,600
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

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	06/10/2015	0% - 0.75%	0% - 2.5%	11,935	11,922	0.11%
VEOF	06/10/2015	0% - 0.75%	0% - 2.5%	10,347	10,241	1.14%
VF1	16/10/2015	0.2% - 1%	0.5%-1.5%	23,599	23,545	0.23%
VF4	16/10/2015	0.2% - 1%	0%-1.5%	10,558	10,511	0.45%
VFA	16/10/2015	0.2% - 1%	0%-1.5%	7,488	7,457	0.42%
VFB	16/10/2015	0.3% - 0.6%	0%-1%	12,409	12,391	0.14%
ENF	09/10/2015	0% - 3%	0%	11,842	11,582	2.24%
MBVF	08/09/2015	1%	0%-1%	10,696	10,574	1.15%
MBBF	07/09/2015	0%-0.5%	0%-1%	12,395	12,383	0.10%

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