SEPTEMBER

11

FRIDAY

ADVISORY DIARY

- **FED card could only bring sentimental impact in short-term?**
- **Stock markets week 7 – 11/9: Foreign investors came back to net-buying position**

"Stock markets week 7 – 11/9: Foreign investors came back to net-buying position"

FED card could only bring sentimental impact in short-term?

FED officially cut interest rate to 0% (Zero interest rate policy-ZIRP) at 16/12/2008. ZIRP was considered one of the most audacious policies by FED to stabilize global financial market during the time of turmoil.

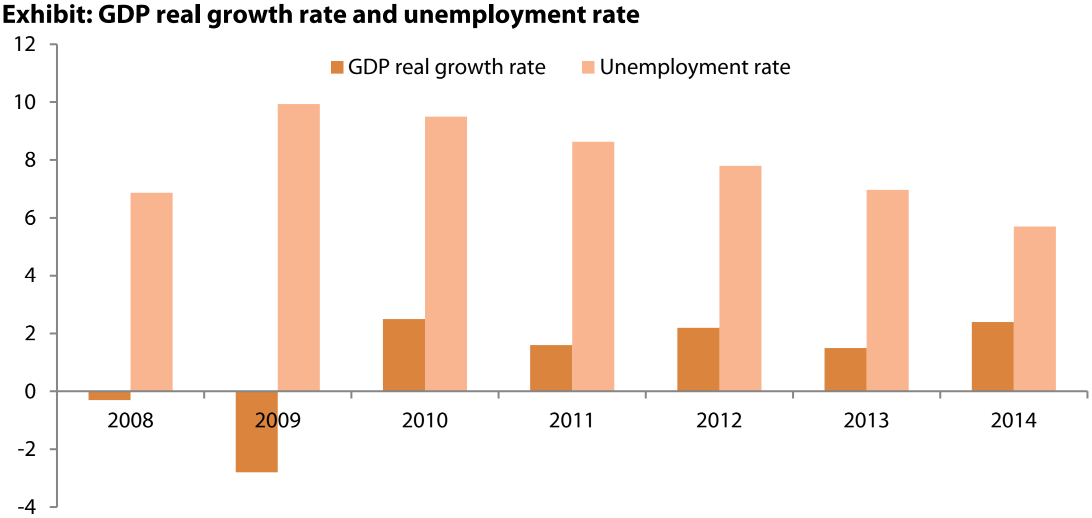
The main aims were obviously: low interest expense, encourage non-bank investment, increase job opportunities and on top of that created self-resilient economy. Apart from ZIRP, the 3 QE packages were introduced to stimulate the economy as well.

To date, all these targets have been generally achieved evidenced by the sustaining positive US real GDP and falling jobless rate in the past 6 years.

So, is it now the right time for FED to hike rate? Not certain! The reason is that US's economic outlook would be negatively affected by the second largest economy slowdown.

According to the latest Reuters' survey, there is 55% people surveyed believing that the FED would raise the interest rate in 2015. That means investors are now in the 50:50 game against policy makers.

Exhibit: GDP real growth rate and unemployment rate



Sources: Bloomberg

FOMC's next meeting in this week could be seen as the decisive session for FED to reach the final policy method by many analysts. As a result, the "holding breath" for information could be easily explained and the fluctuation after the official announcement could be the observable results from the markets in the upcoming week. Many investors raised the questions for Rongviet Research that how markets would react with the decisions from FED on 18/9 (hiking or delay).

Table: FED increasing interest rate date and S&P Index's movements

Hiking date	250 days before	250 days after	500 days after
2/05/1983	36.6%	-1.1%	12.2%
16/12/1986	19.1%	-5.9%	11.2%
29/03/1988	-11.4%	11.7%	30.6%
4/02/1994	5.3%	0.6%	34.1%
30/06/1999	19.7%	6.0%	-10.7%
30/06/2004	14.8%	4.4%	9.1%
Trung binh	14.0%	2.6%	14.4%

Sources: Barrons

Under FED hiking scenario, 6 historical cycles of FED to increase the interest rate demonstrated that US stock markets usually significant fluctuated or slightly declined in the first rate hike, after that, had better recovery in the next 1-2 year cycle. If this scenario happened, we believe that this case could create many risks to emerging markets such as Vietnam. However, we shared several opinions about ETFs' flow in several emerging markets in South East Asia last week. It could be seen that the pressure for capital withdrawn in Vietnam markets have been under the interest from foreign investors. As a result, with this scenario, the pessimism after FED's decision could make Vietnam stock markets to drop in short-term.

Kien Nguyen

+ 84 8 6299 2006 | Ext: 1320

Kien.nt@vdsc.com.vn

With the scenario that FED delays the interest rate hike, it could imply that even though US economy recovers, FED still concerns about the global prospects. In this scenario, we asserted that the disappointment from investors in US markets could also lead to the negative fluctuations in the markets. Regarding Vietnam stock exchanges, we believe that the concern about gloomy prospect of global economy has been discounted in investors' sentiment over the trading sessions in August. There is another dimension for expectation, which could be ETFs, and foreign investors who could reallocate the withdrawn capital from emerging markets and frontier markets, which include Vietnam.

According to previous Advisory Diary, we illustrated the comparable and "metaphor" image between securities investment and poker games. In 18/9, FED will announce the decision about whether to hike the interest rate or not. And it could be seen as a turned card. However, this will not be the only or final card while the remaining unknown could be Vietnamese macro economy and internal factors of listed companies.

Stock markets week 7 – 11/9: Foreign investors came back to net-buying position

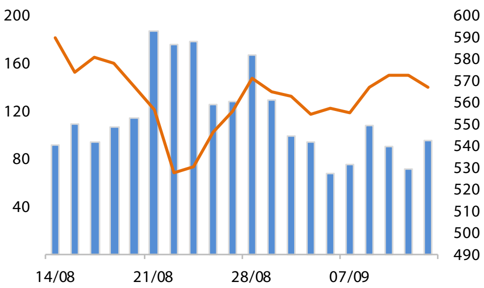
It could be seen that the negative sentiment with the poker game this week caused gloomy sessions for the stock markets. Over a week, VNIndex slightly increased by 1.78% to 566.74 and HNXIndex was up by 1.59% to 77.53. Liquidity has continued to experience a decline trend over a few weeks with total trading value reached the average of VND 1,879.58 billion/day (-9.68% w.o.w). However, foreign investors came back to net buy position in HSX with VND 148.62 billion but net-sold VND 10.69 billion in HNX. Finance/banking segments such as BID, VCB and VND attracted foreign investors with net-buying position over a week, simultaneously, P-stocks as PVS or PVB could not retain foreign investors.

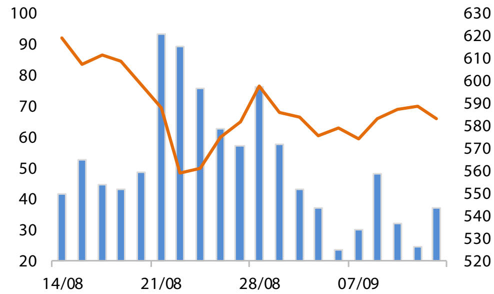
As a result, capital flows from foreign investors have continued to pour into emerging markets. Particularly, capital flows to emerging markets increased by USD 10 billion USD after a sell-off week, 40% of which came through ETFs. Similarly, in Vietnam markets, foreign capital flow came back to Vietnamese stock markets this week. However, VNM ETF was withdrawn with approximately USD 7.2 million, equivalent to 450,000 fund certificates.

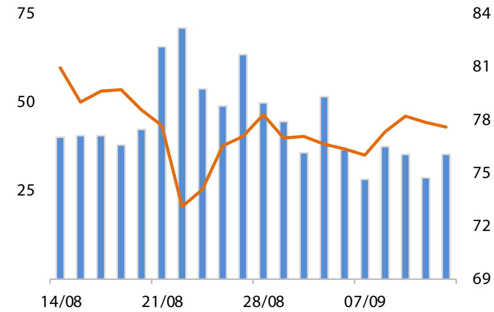
During the last session of this week, ITA (+5.9%) and KBC (+6.5%) stood out as going against the market under the support from foreign investors. According to Rongviet Research's analysts, today movements demonstrated the relief sentiment from investors about the rumors regarding KBC recently. Earlier 9/2015, KBC signed the contract to lease the land at approximately VND 250 billion of Trang Due industrial zone. This also brought a positive business prospect about the Company.

According to our market analyst, 14 – 18/9 trading week could experience the significant fluctuation with improved liquidity. The reasons could come from the reverse capital activities to take the advantage of the volatility of the markets. Furthermore, the following weekend is also the last two days of ETFs for the third periodically portfolio review.

VNINDEX	-0.93%	566.74	VN30	-0.90%	583.27	HNXINDEX	-0.33%	77.53

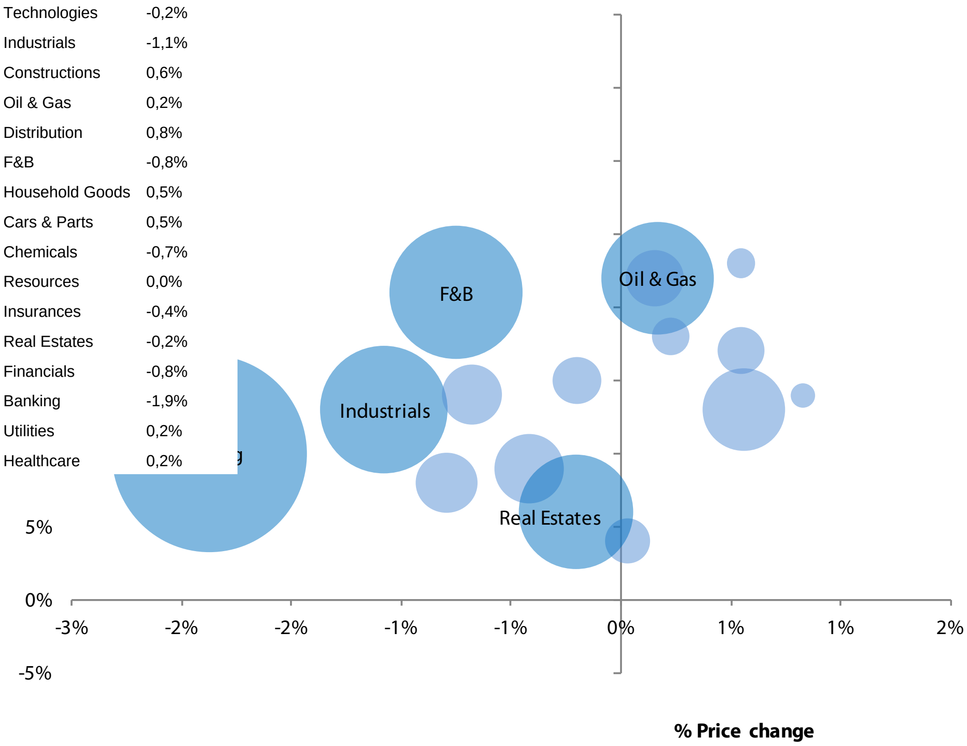




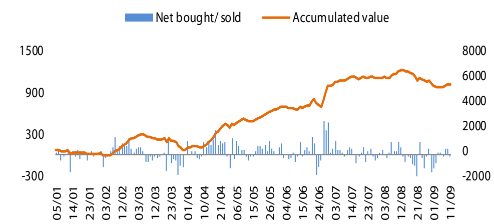


Industry Movement

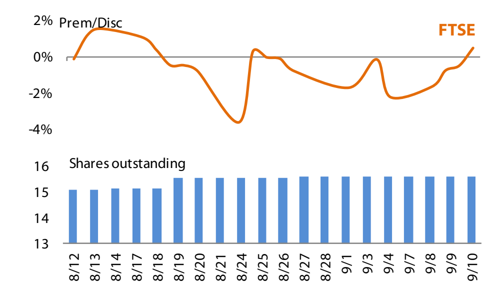
Industry	% change
Technologies	-0,2%
Industrials	-1,1%
Constructions	0,6%
Oil & Gas	0,2%
Distribution	0,8%
F&B	-0,8%
Household Goods	0,5%
Cars & Parts	0,5%
Chemicals	-0,7%
Resources	0,0%
Insurances	-0,4%
Real Estates	-0,2%
Financials	-0,8%
Banking	-1,9%
Utilities	0,2%
Healthcare	0,2%

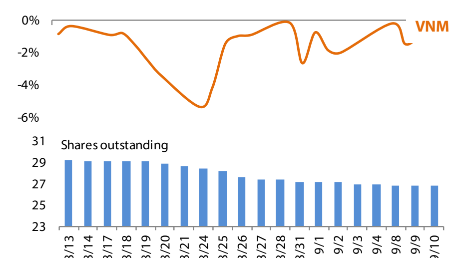


Foreign Investors Trading



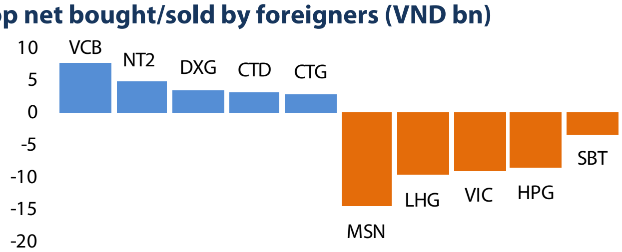
ETF



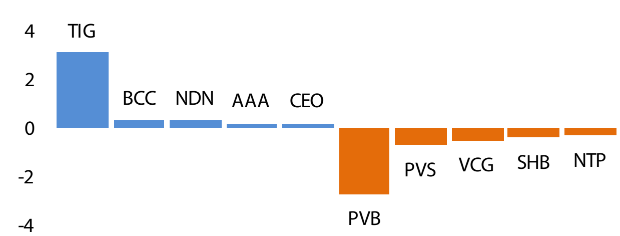


Top net bought/sold by foreigners (VND bn)

HSX



HNX



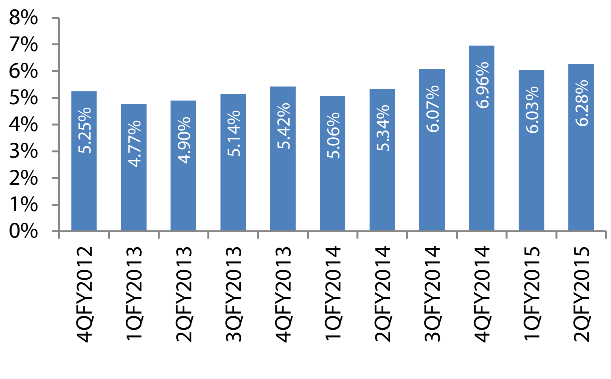
Top Active

Ticker	Price	Volume	% price change
ITA	5.4	6.32	5.9%
KBC	13.1	4.63	6.5%
CII	23.4	4.58	0.0%
FLC	6.6	4.27	0.0%
BGM	3.2	2.87	-5.9%

Ticker	Price	Volume	% price change
TIG	11.3	3.58	-0.9%
VIX	8.6	2.75	2.4%
PVX	3.1	2.26	3.3%
CEO	15.7	1.99	-3.7%
SHB	6.8	1.82	-1.4%

MACRO WATCH

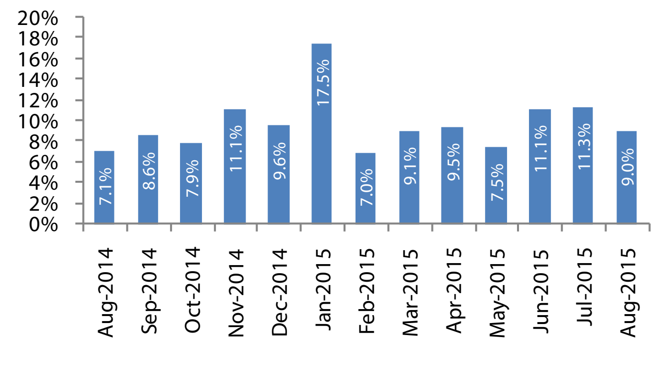
Graph 1: GDP Growth



Sources: GSO. Rongviet Securities database

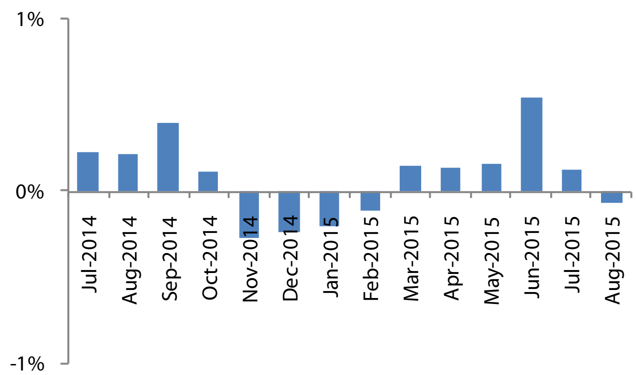
(*) Comparision price in 1994

Graph 2: IIP



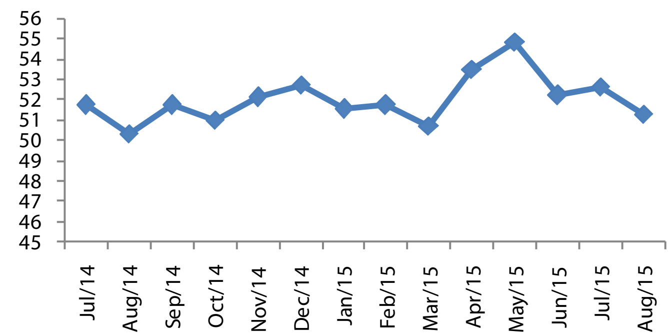
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



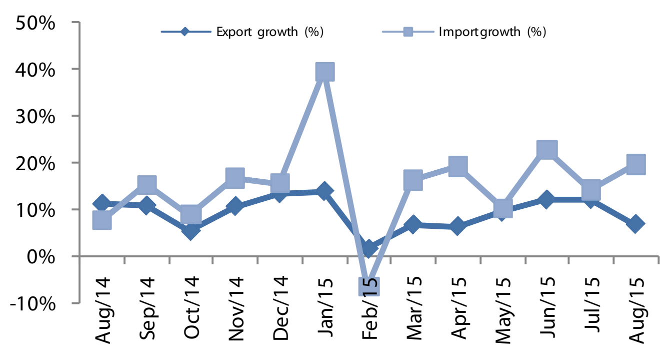
Sources: GSO. Rongviet Securities database

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