SEPTEMBER

01

TUESDAY

ADVISORY DIARY

- **Vietnam and China August PMI manufacturing**
- **Market saw little activities in the September first session**
- **The third ETF review period of 2015**

Vietnam and China August PMI manufacturing

Recently, Vietnam stock market has been quite sensitive to global economy information, especially the yuan devaluation. According to new Markit economics press release (September 01, 2015), Chinese Purchasing Managers Index reached 47.3 points in August, lost 0.5 point over the previous month. August is the 6th consecutive months that the Chinese PMI fell below 50 points, meaning that manufacturing activity in China is still on narrow track. The important components such as the number of new orders and output volume are not showing signs of recovery and making purchasing activities of Chinese companies recorded the biggest drop rate since March 2009. This result shows the shift of economic growth based model from export to domestic consumption is still facing many difficulties; and the recent uncertainties of Chinese stock market are huge barrier to the investor psychology.

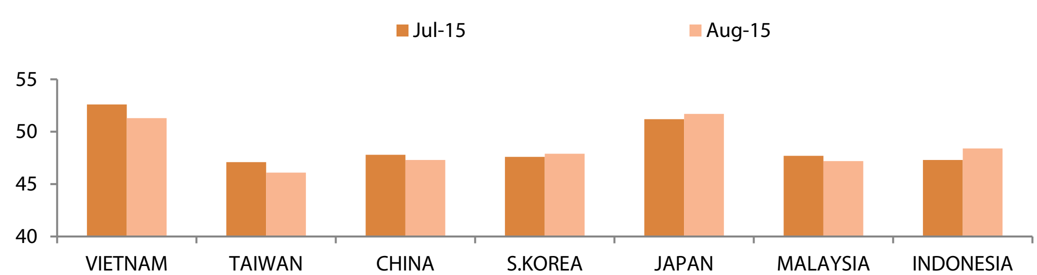
Vietnam PMI in August released today by the Nikkei decreased to 51.3 points from 52.6 points in July. This shows that the expansion rate of manufacturing activities in Vietnam weakened and was at its lowest level in 10 months. In relation to other countries in the region, the Vietnam manufacturing PMI in August remaining above 50 was positive signal.

Although slower than the previous month, the number of new orders still saw a growth. Meanwhile, the export orders declined 3 consecutive months due to the decrease of international customer demand and the rise of competition from Chinese companies. According to our observations, export orders tend to go down in the late 3rd quarter and 4th quarter and rebound in the last 2 months. Although not denying the impact of exchange rates on the prices of goods and export orders, our macroeconomic analyst supposed that seasonal factor was the principal reason causing August manufacturing PMI declined. Because the export orders would be signed 1-2 months in advance and the price elasticity of demand for each commodity is not the same.

“Market saw little activities in the September first session”

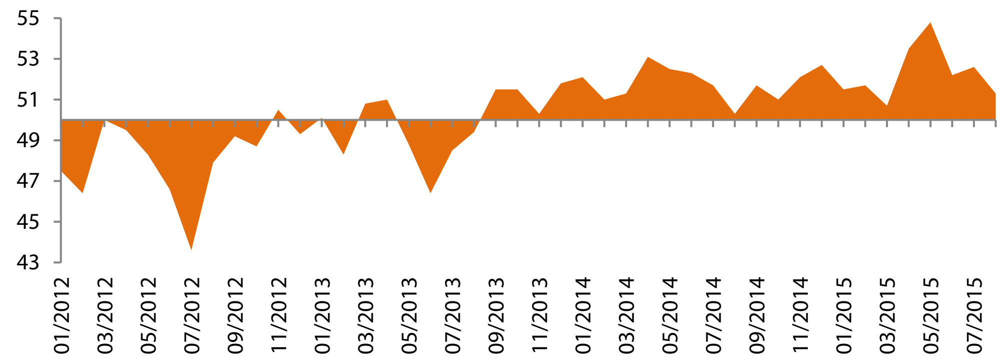
FX risk is still a sourece of concern for enterprises and some sureyed companies have cut output prices to compete against Chinese goods. However, after the USD/VND depreciation move from SBV, Vietnamese goods competitiveness is realtively balanced to Chinese goods if FX situation remains stable. Also, the falling oil input prices could help manufacturers to stablise operation in the 2H2015.

Graph 1: Monthly PMI manufacturing index



Source : RongViet Securities

Graph 2: Monthly PMI manufacturing of Vietnam



Source : RongViet Securities

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In an important development, EIA has announced a new measure of oil production on 31 August 2015. The new method bases on statistics surveyed at the crucial oil producing states rather than that of federal agency and relevant model. As a result, the monthly oil production figure in the US has dropped to 278 million barrels from the previous 287 million barrels in June 2015. Hence, the global oil produciton statistics for the month of June would drop at the amount difference.

Rongviet analyst believes oil prices development looking forward would rely pretty much on investors' expectation on macro condition especially demand of China and big economies. Thus, news from unexpected OPEC meeting and new recording method of oil production have proved to bring positive impact on investors' sentiment and consequently recovering oil prices with WTI and Brent going up to USD49.20 and USD54.15 /barrel (up 8.09% and 7.57% to yesterdays'). Oil prices already recover by USD10/ barrel in the last two days.

Market saw little activities in the September first session

Two indices closed at different status, with VNIndex down 0.43% and HNXIndex up 0.18%. Cash flow may be lower due to exchange rate risk and insufficient supporting news. Moreover, impact of news relating to FOL of securities companies has been hardly to maintain for more than one day. Those may be causes of deep decrease in liquidity of HSX (-35%) and HNX (-10%) compared to average of last week.

Today, foreign investors continued selling a net VND183 billions of stocks in both exchanges; most sold tickers included GAS (-VND10.9 bn), PVD (-VND28.9 bn) and HPG (-VND9.9 bn). Taking ETF redemption sales out of the equation, the selling trend may have resulted from foreigners taking steps backward ahead of uncertainties regarding (1) the forex market, (2) global economic slowdown and (3) the timing of FED rate hike.

In our opinion, September stock market is unlikely to see a definite trend this month. The two events that have potential impact on the sentiment of stock investors, especially foreigners, are (1) the FED meeting to decide whether to let US interest increase and (2) a potential TPP gathering. In the worst-case scenario where the FED will increase the federal funds rate, Vietnam stock market may react negatively. However, we do not believe that pessimism will last more than 2-3 days, depending on the way the market behaves the days before the big decision. As a result, intermediate support levels are hard to breach during the course of the month. RongViet Research will have more in-depth analyses on said matters our September Investment Strategy Report, coming out next Monday.

The third ETF review period of 2015

In our Advisory Diary today, we will discuss the possibility of the first portfolio restructuring period in 2015 of FTSE ETF. Based on our calculated data, we would like to give some notable features are as follows:

- Deleted: 3 stocks
  + Deleted SSI because SSI has violated the remaining foreign ownership limit condition (<2%)
  + Deleted PVD and HPG because PVD and HPG have violated free-float and market cap conditions(free-float less than or equal to 5% and market cap is out of top 10% highest capital companies in the market)
- Added: None.

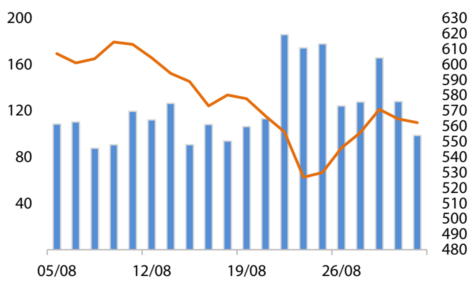
Figure: FTSE ETF review

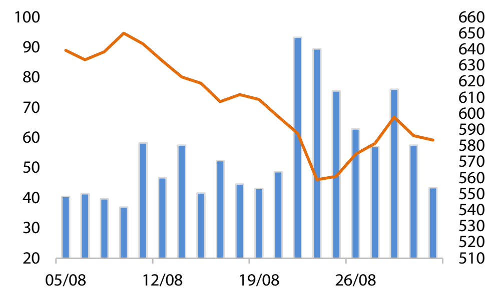
FTSE						
	Ticker	Price (28/08/2015)	Market cap (28/08/2015)	Proportion (28/08/2015)	Estimated proportion	Estimated buy/sell volumes
1	**VIC**	40,800	76,981	16.5%	15.0%	(3,024,132)
2	**MSN**	85,000	61,978	15.3%	15.0%	(290,947)
3	**VCB**	43,300	115,662	9.9%	15.0%	9,816,439
4	**STB**	17,100	19,537	6.1%	9.4%	15,821,453
5	**HAG**	16,400	11,927	5.7%	7.6%	9,960,318
6	**DPM**	32,500	11,930	5.3%	8.4%	8,140,381
7	**KDC**	26,900	5,997	3.3%	5.1%	5,746,401
8	**KBC**	14,500	5,872	3.0%	3.9%	5,169,533
9	**BVH**	49,500	32,663	2.7%	9.4%	11,322,263
10	**ITA**	5,900	4,359	2.4%	3.5%	15,854,718
11	**FLC**	7,500	3,709	2.0%	3.1%	12,179,424
12	**HVG**	17,300	3,084	1.4%	2.0%	3,196,720
13	**PVT**	11,200	2,866	1.4%	2.5%	8,314,907
14	**HPG**	31,800	23,160	12.4%	0.0%	(32,688,257)
15	**PVD**	36,800	13,156	6.4%	0.0%	(14,638,178)
16	**SSI**	25,200	12,081	6.2%	0.0%	(20,652,991)
	Total					**34,228,051**

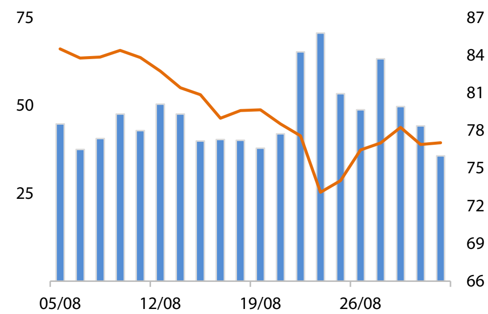
Source: Bloomberg, RongViet Research

Advisory Diary

VNINDEX	-0.43%	562.31	VN30	-0.45%	583.61	HNXINDEX	0.18%	77.04

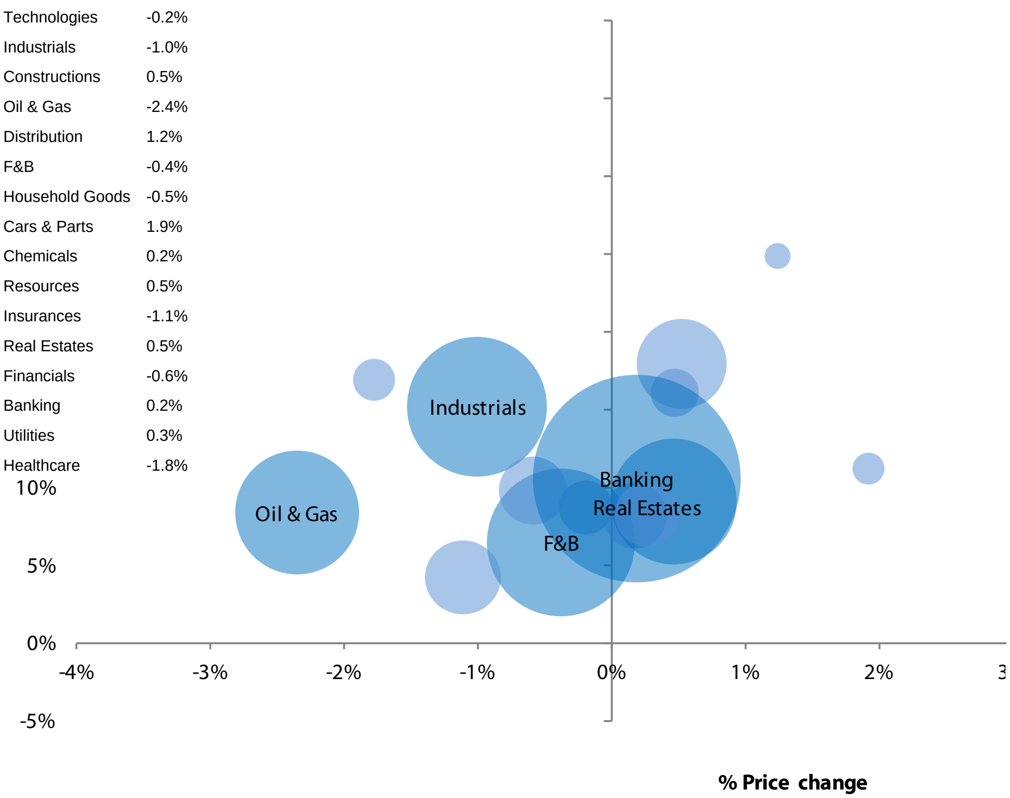




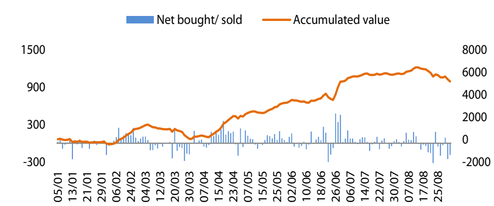


Industry Movement

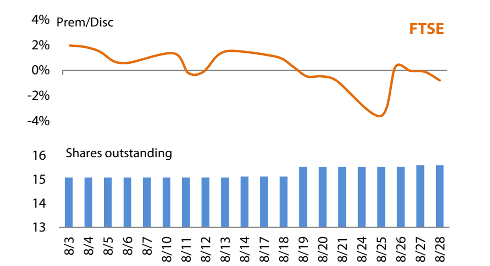
Industry	% change
Technologies	-0.2%
Industrials	-1.0%
Constructions	0.5%
Oil & Gas	-2.4%
Distribution	1.2%
F&B	-0.4%
Household Goods	-0.5%
Cars & Parts	1.9%
Chemicals	0.2%
Resources	0.5%
Insurances	-1.1%
Real Estates	0.5%
Financials	-0.6%
Banking	0.2%
Utilities	0.3%
Healthcare	-1.8%

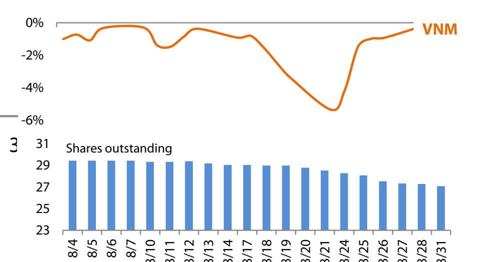


Foreign Investors Trading



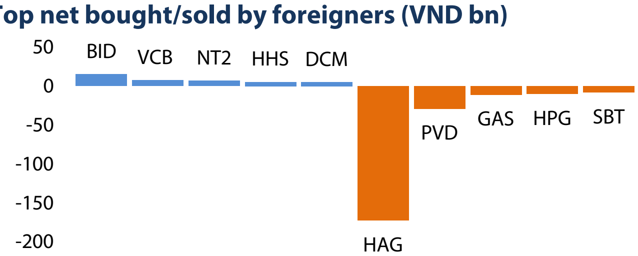
ETF



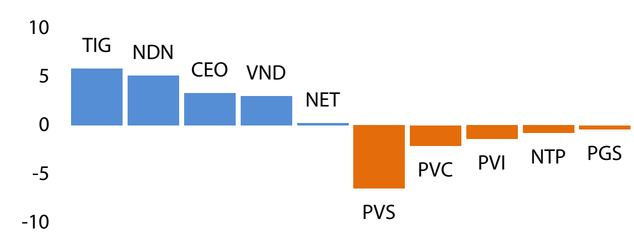


Top net bought/sold by foreigners (VND bn)

HSX



HNX



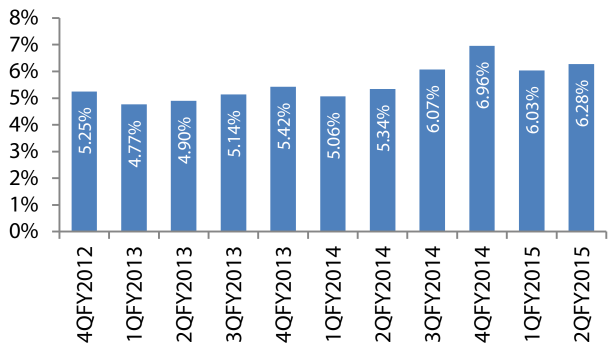
Top Active

Ticker	Price	Volume	% price change
OGC	2.8	6.13	3.7%
FLC	6.8	5.76	1.5%
PDR	16.4	3.58	2.5%
SSI	25.8	3.53	-0.4%
FIT	9.7	2.52	-2.0%

Ticker	Price	Volume	% price change
KLF	4.7	4.48	0.0%
TIG	11.7	3.34	3.5%
KVC	10.5	2.02	9.4%
CEO	15.5	1.86	4.0%
FID	20.3	1.62	9.7%

MACRO WATCH

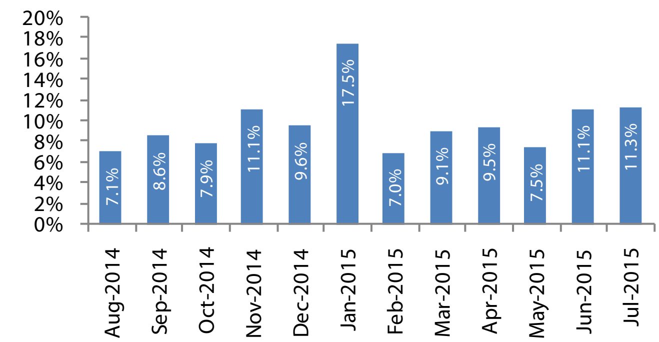
Graph 1: GDP Growth



Sources: GSO. Rongviet Securities database

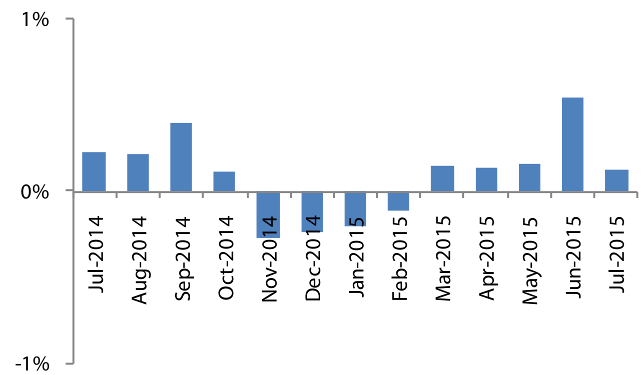
(*) Comparision price in 1994

Graph 2: IIP



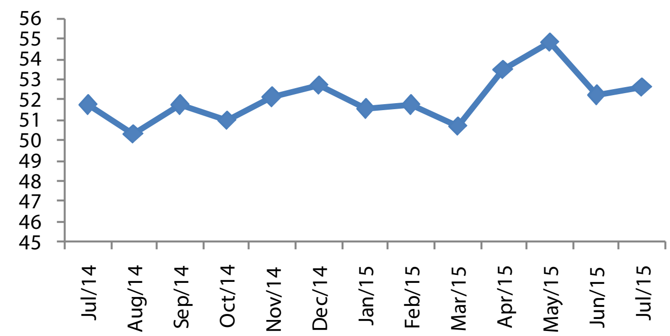
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



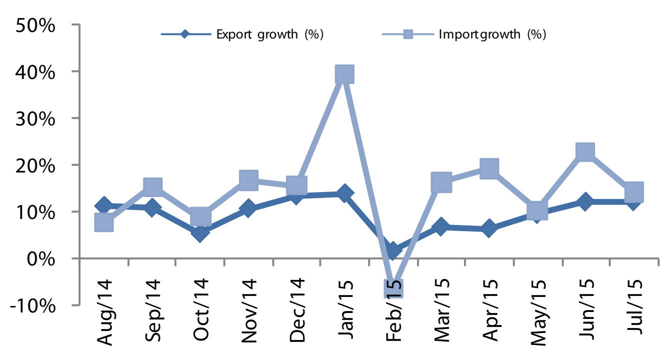
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



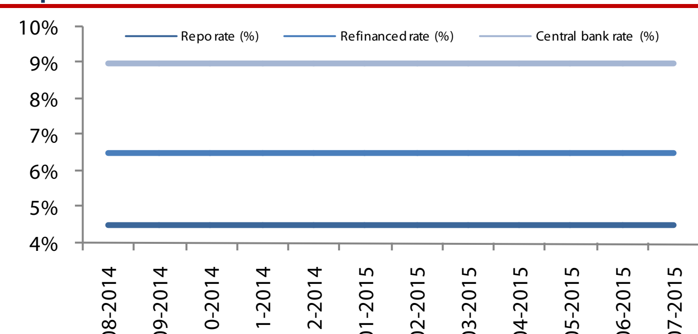
Sources: GSO. Rongviet Securities database

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
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
NT2 - Growth in stability	July, 30th 2015	Buy – Intermediate term	30,200
FMC - Leaping in overseas waters	July 23rd, 2015	Accumulate – Intermediate term	27,000

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
VFF	25/08/2015	0% - 0.75%	0% - 2.5%	11,797	11,791	0.05%
VEOF	25/08/2015	0% - 0.75%	0% - 2.5%	9,464	10,082	-6.13%
VF1	28/08/2015	0.2% - 1%	0.5%-1.5%	22,191	22,015	0.80%
VF4	28/08/2015	0.2% - 1%	0%-1.5%	9,884	9,831	0.54%
VFA	28/08/2015	0.2% - 1%	0%-1.5%	7,293	7,293	-2.24%
VFB	28/08/2015	0.3% - 0.6%	0%-1%	12,293	12,314	-0.17%
ENF	20/08/2015	0% - 3%	0%	11,518	11,578	-0.52%
MBVF	13/08/2015	1%	0%-1%	10,514	10,658	-1.35%
MBBF	19/08/2015	0%-0.5%	0%-1%	12,262	12,318	-0.45%

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