



Thu, May 7, 2015

Vietnam Daily Monitor

Decline will soon return

BSC's Forecast on the stock market

	Negative	Neutral	Positive
Day 8/5/2015		•	
Week 4/5-8/5/2015	•		
Month 5/2015		•	

Summary

Thanks to the foreigner's demand, Vietnam stock market gained on Thursday.

Some stocks increasing significantly in both prices and volumes include TLH (+6.9%), GMD (+4.8%), CVT (+3.9%), DQC (+4.3%) and TTF (+3.3%).

Recommendation

We believe that the market is currently in bad circumstance because of both low volume in decline sessions and high one in rallies. Besides, ETFs will most likely stop buying soon in the near future due to they are now trading at slight discounts / premiums.

We recommend investor who allocates a high weight of stocks in portfolio should reduce stock proportion to low level.

Company update

RAL - Rang Dong Light Source & Vacuum Flash Company (HSX)

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VN-INDEX **552.98**
Value: 931.58 bil **3.68 (0.67%)**
Foreigners (net): VND 89.92 bil

HNX-INDEX **79.94**
Value: 385.53 bil **0.56 (0.71%)**
Foreigners (net): VND 30.91 bil

UPCOM-INDEX **61.79**
Value 19.67 bil **-0.18 (-0.29%)**
Foreigners (net): -VND 1.22 bil

Macro indicators

	Value	% Chg
Crude oil	60.8	-0.2%
Gold	1,184	-0.7%
USDVND	21,680	0.2%
EURVND	24,617	0.2%
JPYVND	18,200	0.5%
1-month Interbank ra	4.4%	-
5yr VN Treasury Yiel	5.9%	-

Source: Bloomberg, BSC Research

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This report must be read with the Disclosure, located at the end of this report.

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Market highlights

Speculative stocks continued to have weak recoveries, some of them fell sharply as GTN (-5.2%), HAI (-4.4%) and KMR (-2.3%).

Foreigners continued to buy a net value of more than VND 120 billion on both two exchanges.

Some stocks increasing significantly in both prices and volumes include TLH (+6.9%), GMD (+4.8%), CVT (+3.9%), DQC (+4.3%) and TTF (+3.3%).

Recommendations

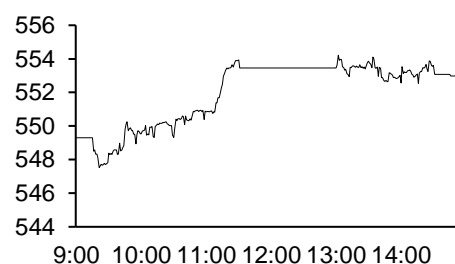
As previously discussed, we believe that the market is currently in bad circumstance because of both low volume in decline sessions and high one in rallies. The market also gained without high liquidity today, partly because the SBV has decided to increase the USDVND exchange rate.

In term of foreigner's transaction, we believe that ETFs will most likely stop buying soon in the near future due to they are now trading at slight discounts / premiums. If the other foreign investors (excluding ETFs) continue to buy, the more likely the market may maintain the current price level. Conversely, in the context of absence the foreigner's demand, the market could fall to lower price level.

We recommend investor who allocates a high weight of stocks in portfolio should reduce stock proportion to low level in order to (1) take advantage of the rallies as today and (2) minimize losses in the context of negative market direction.

Exhibit 1

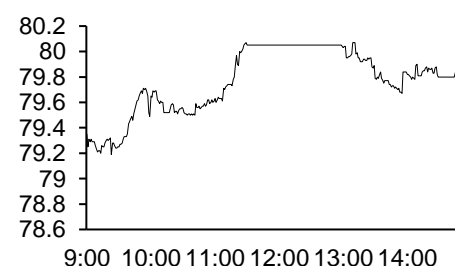
VN-Index Intraday



Source: Bloomberg, BSC Research

Exhibit 2

HNX-Index Intraday



Source: Bloomberg, BSC Research

Exhibit 3

Top 5 volume leaders

Ticker	Volume	Price	% Chg
FLC	7.63	9.5	0
HHS	4.55	22	6.8
HQC	3.73	5.5	1.85
HAI	3.69	8.7	-4.4
DXG	3.31	14.5	2.84

Source: Bloomberg, BSC Research

Exhibit 4

Foreign transaction

Top buy	Value	Top sell	Value
HHS	41.34	DXG	20.78
VCB	12.38	VIC	20.43
MSN	11.57	PVT	2.65
BID	6.32	HAG	2.35
HUT	4.87	VE9	0.76

Source: BSC Research

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Technical views

We continue to believe that VN-Index will be difficult to overcome resistance at 557 pts, while the recent sessions show unconvincing recovery because of low volume. We also found that the distance between the MACD line and its signal line is not large, which indicates a weak upward momentum and an unclear market direction. Most likely, VN-Index will continue to move sideways within 540-557 pts in the next few sessions.



Stock recommendations

Short-term portfolio

No.	Ticker	Date	Buy price	Current price	Performance	Recommendation	Cutlosses	Target
1	DIG	27/4/2015	12.2	11.5	-5.7%	Hold	11.6	13
2	PVS	6/5/2015	25.6	25.5	-0.4%	Hold	24	29
Average					-3.1%			

Source: BSC Research

CANSLIM portfolio

No.	Ticker	Date	Buy price	Current price	1w performance	Unrealized gain/loss	Cutlosses	Target
1	MBB	27/4/2015	13.8	13.4		-2.9%	12.7	16.5
2	SD6	24/3/2015	14.7	14.6	-2.0%	-0.7%	13.6	17.5
3	SSI	24/3/2015	21.3	20.1	-2.4%	-5.6%	20.1	25.9
4	VIC	7/7/2014	47.7	48.6	0.0%	1.8%	43.9	57.3
5	FPT	12/1/2015	48.3	49.9	-3.1%	3.3%	44.4	58.0
6	DHC	14/1/2014	21.5	21	-2.8%	-2.3%	19.8	25.8
7	DBC	14/1/2014	28.8	27	-3.2%	-6.3%	26.5	34.6
8	FMC	27/1/2015	24.8	24.5	-2.0%	-1.2%	22.8	29.8
Average					-2.2%	-1.7%		

Source: BSC Research

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Company updates

RAL - Rang Dong Light Source & Vacuum Flash Company (HSX)

Business plan for the year 2015: 1st Quarter 2015, company earned gross revenues of VND 818 billion VND, (+17% yoy) and VND 20 billion of net Income (+8.5% yoy). Company aims to achieve revenues at VND 2.678 billion (+3% yoy), net income at the minimum level of VND80 billion and attempt to achieve VND 95 billion (+7% yoy).

Dividends: Dividend payout ratio for the year 2014 is revised up 5% to 35% in cash (currently paid 30%). Expected dividend for the year 2015 in cash is 35%. Also, dividends are expected to be paid into 2 occasions: 1st times (September 2015): 15 % dividend of 2015 and 5% Dividend of 2014; 2nd times (April 2016) paid 20% dividends of 2015.

Proposed plan for establishment of high-tech enterprises or science and technology enterprise to receive state incentives. The tax rate for subjected enterprises in this category is 10% during 15 years, with exemption of CIT in first 4 years and decrease of 50% for CIT rate in 9 following years.

SCIC's divestment, the company union proposed plan to reacquire the shares. The company union currently holds 39.4% of the outstanding shares of RAL. According to pre-specified plan, SCIC will divest all of state capital in RAL during 2015 (equivalent to 20.6%). Suppose the company union successfully acquires the volumes of shares divested by SCIC, at that time, the percentage of ownership of the company trade union is 60 %.

However, in the long-term, business and manufacturing operations of the RAL could face with many challenges:

Increased competition. (1) Impact from opening the market due to free trade agreement FTA and (2) The expansion of production for LED-producing enterprises.

In 2015, the ASEAN Economic Community was established, many free trade agreements have been signed such as ASEAN + 1, ASEAN + 3, ASEAN + China, FTA between Vietnam - Korea, FTA between Vietnam-EU, RCEP, TPP. Also, tariff barrier is eliminated, the competition with imported bulbs especially China, Thailand will become more and more intense.

DQC almost doubled production capacity to reach 20 million LED bulbs/ year. Some other enterprises like Duhal, LED Saigon start operating production lines of LED bulbs and LED chip.

The profit from bulbs, fluorescent and compact bulbs tends to decrease. (1) Consumption of Compact bulbs start to saturate, demand for products bulbs and fluorescent bulbs decline. (2) The Company reduces prices and increases discounts for customers due to the highly competitive market, reducing purchasing.

We believe that, in 2015, RAL is likely to finish or exceed the target for revenue and EBT.

Revenue in 2015 will increase due to the shift in trends of consumption of LED products which price is much higher than traditional products. It is expected that in 2015, RAL will consume 6 million bulbs (60 % of capacity), more than 2 times compared to 2014 (2.8 mil bulbs). Revenue will be improved by (1) LED outputs doubled (bypass breakeven point); (2) Reduced production costs due to the decrease of oil, many kinds of electronic components, glass, plastic; (3) Many production lines of Halogen and Fluorescent bulbs fully/partly depreciated.

On 05/06/2014, shares closed at 45,000 VND/ share, equivalent to a P / E of 7.88x. If the company to reach VND 95 billion as targets, EPS 2015 is 6.104 VND / share, equivalent to a P/E FW 2015 is 7.37x.

Market statistics

Top 5 leaders on the HSX

Ticker	Price	% Chg	Index pt	Volume
BID	18.4	3.37	0.95	771260
VCB	37.6	1.35	0.751	686100
MSN	82	1.86	0.622	144180
VIC	48.6	1.04	0.41	262900
EIB	12.6	3.28	0.278	62990

Top 5 laggards on the HSX

Ticker	Price	% Chg	Index pt	Volume
GAS	63.5	-0.78	-0.534	138300
HAG	18.6	-1.06	-0.089	2.01MLN
PVD	56	-0.88	-0.085	372740
PPC	24.1	-1.23	-0.055	32070
TMS	53	-6.19	-0.046	150

Top 5 gainers on the HSX

Ticker	Price	% Chg	Index pt	Volume
AVF	1.1	10	0.002	78910
NLG	20	6.95	0.098	308590
TLH	6.2	6.9	0.018	346030
HHS	22	6.8	0.088	3.73MLN
TTP	25.4	6.72	0.014	37560

Top 5 losers on the HSX

Ticker	Price	% Chg	Index pt	Volume
RDP	21.4	-6.96	-0.013	780
HU3	8.2	-6.82	-0.003	120
THG	16.9	-6.63	-0.007	30
CDO	17.1	-6.56	-0.014	1.54MLN
GTA	15	-6.25	-0.006	1430

Source: Bloomberg, BSC Research

Top 5 leaders on HNX

Ticker	Price	% Chg	Index pt	Volume
NTP	50.9	3.88	0.066	12000
SHB	8.1	1.25	0.055	1.47MLN
VCG	12	1.69	0.054	330700
LAS	32.9	3.46	0.053	174200
PTI	17.4	6.75	0.034	35800

Top 5 laggards on the HNX

Ticker	Price	% Chg	Index pt	Volume
PSD	46.1	-9.96	-0.045	300
PVS	25.5	-0.39	-0.028	696400
TVD	10.5	-6.25	-0.011	200
KLF	7.2	-2.7	-0.009	7.63MLN
CAN	26.6	-9.83	-0.009	100

Top 5 gainers on the HNX

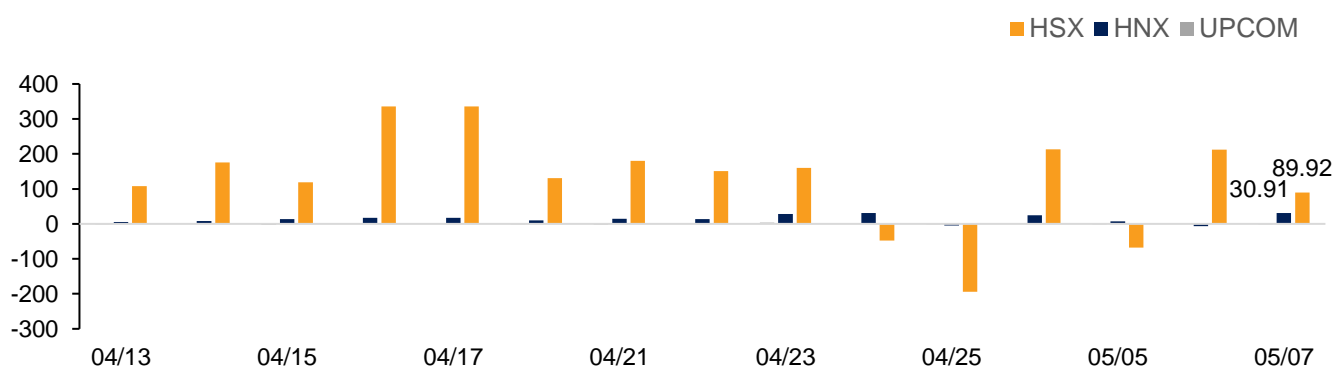
Ticker	Price	% Chg	Index pt	Volume
CVN	2.2	10	0	65500
PDC	5.7	9.62	0.005	177200
GMX	13.7	9.6	0.004	300
DBT	20.2	9.19	0.003	600
VAT	10.7	9.18	0.001	19100

Top 5 losers on the HNX

Ticker	Price	% Chg	Index pt	Volume
ADC	21.6	-10	-0.002	100
ONE	9.1	-9.9	-0.003	31100
DID	4.6	-9.8	-0.002	10100
NHA	9.3	-9.71	-0.005	100
KMT	5.8	-9.38	-0.004	500

Exhibit 3

Foreign transaction



Source: HSX, HNX, BSC Research

Disclosure

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