

Wed, August 24, 2016

Vietnam Daily Review

Active trading on Steel

BSC's Forecast on the stock market

	Negative	Neutral	Positive
Day 25/08/2016	•		
Week 22/8-26/8/2016		•	
Month 8/2016		•	

Highlight

Market transactions went excited when VN-Index rose nearly 5 points to approach 665 threshold before decreasing gradually during the day and closed at 660.8 (+ 0.24%), HNX-Index also rose slightly to 83.13 (+ 0.02%). Blue-chip stocks like VNM, VCB, CTG, KDC, HSG maintained rising momentum until the end of the session, helping VN-Index keep the green. Market liquidity did not change much from last session and remained lower than the 10-day average.

Market breadth weakened with 175 advancers / 198 decliners.

Foreign investors remained net sellers with nearly net 95 billion on the HSX, net buyers on the HNX.

Recommendation

Positive sentiment took place in the early morning session, the market reached and exceeded the resistance level of 665, however, selling pressure returned to pulled market back to around 660 till the end of the session. Foreign cash flow was not really positive back and remained net sellers on HOSE. Market liquidity is still concentrated on a few Bluechip such as HPG, VNM, MWG, HSG, KBC which worth more than a hundred billion. Market cash flow tends to return to the group of Largecap stocks while SmallCap corrected today. VN-Index accumulates around 650-660 for the 10th session, better liquidity but has not improved over the past 15 sessions.

Investors can take advantage of the rebound of the market over the coming days to lower the proportion of the equity portfolio, though the market remained bullish in the medium term, but it could happen given market correction to test the 645-650 milestone before positive cash flow back. Cautious investors should maintain a steady cash flow to repurchase shares in the portfolio in the event of correction to the lower price.

Company Updates - VTH - Viet Thai Electric Cable Corporation (HNX)

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VN-INDEX **660.77**
Value: 2156.26 bil **1.61 (0.24%)**
Foreigners (net): -VND 98.81 bil

HNX-INDEX **83.13**
Value: 366 bil **0.02 (0.02%)**
Foreigners (net): VND 4.81 bil

UPCOM-INDEX **55.42**
Value 41.09 bil **0.11 (0.2%)**
Foreigners (net): VND 0.486 bil

Macro indicators

	Value	% Chg
Crude oil	47.3	-1.7%
Gold	1,337	0.0%
USDVND	22,295	0.0%
EURVND	25,172	-0.3%
JPYVND	22,247	0.0%
1-month Interbank rate	0.0%	-
5yr VN Treasury Yield	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

Market transactions went excited when VN-Index rose nearly 5 points to approach 665 threshold before decreasing gradually during the day and closed at 660.8 (+ 0.24%), HNX-Index also rose slightly to 83.13 (+ 0.02%). Blue-chip stocks like VNM, VCB, CTG, KDC, HSG maintained rising momentum until the end of the session, helping VN-Index keep the green. Market liquidity did not change much from last session and remained lower than the 10-day average.

TTF continued to close at ceiling price for the 3rd consecutive session. After a long time trading at floor price, DRH oversold shares had been absorbed and it closed today at ceiling price. The steel stocks traded very actively in the session (NKG, HSG, TLH), especially NKG closed at ceiling price and has 1 million shares traded by put-through. Besides, the real estate and construction stocks were also quite actively trading with shares of VCG, HBC, SJS, TDC.

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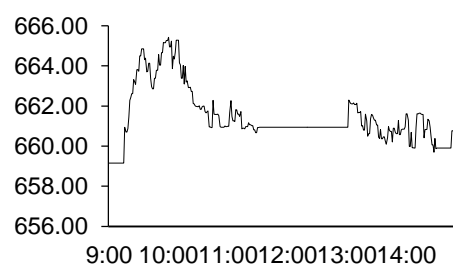
Recommendations

Positive sentiment took place in the early morning session, the market reached and exceeded the resistance level of 665, however, selling pressure returned to pulled market back to around 660 till the end of the session. Foreign cash flow was not really positive back and remained net sellers on HOSE. Market liquidity is still concentrated on a few Bluechip such as HPG, VNM, MWG, HSG, KBC which worth more than a hundred billion. Market cash flow tends to return to the group of Largecap stocks while SmallCap corrected today. VN-Index accumulates around 650-660 for the 10th session, better liquidity but has not improved over the past 15 sessions.

Technical indicators remained almost unchange and no negative signs appearing but cash flow, market index moved in the safety zone.

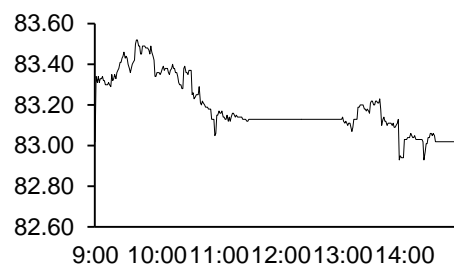
Investors can take advantage of the rebound of the market over the coming days to lower the proportion of the equity portfolio, though the market remained bullish in the medium term, but it could happen given market correction to test the 645-650 milestone before positive cash flow back. Cautious investors should maintain a steady cash flow to repurchase shares in the portfolio in the event of correction to the lower price.

Exhibit 1



Source: Bloomberg, BSC Research

Exhibit 2



Source: Bloomberg, BSC Research

Exhibit 3

Top 5 volume leaders

Ticker	Volume	Price	% Chg
HPG	5.81	49	-0.61
KBC	5.78	18.3	1.1
HQC	4.83	5.2	0
DRH	4.17	17.7	6.63
ITA	4.07	4.9	0

Source: Bloomberg, BSC Research

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Company updates

BMP - Binh Minh Plastics Jsc. (HOSE)

Earnings Update: Rev 6M2016 reached VND 88.79 billion (-67.83% yoy), the main reason is that the large customer Dai Long Cables invested its own production line, therefore aluminum wire 9.5mm output decreased strongly (Dai Long accounted for about 30% total VTH's revenue). Gross profit 6M reached VND 6.42 billion fell 41.26% yoy. EAT in 6M reached VND 2.82 billion, EPS 6M2016 = VND 485.

In our opinion, VTH is not suitable for the medium and long term investment due to (1) Business activities are dependent on a number of major customers, (2) Unclear plan to expand and develop in the long term, and (3) Barriers to entry are relatively low, highly competitive. On 23/08/2016, VTH share is trading with VND 12,800, EPS in 2016 is estimated at VND 1,200, PE FW = 10.67x; BVPS 30/06/2016 = VND 16,118, PB = 0.79x.

No	Indicator	Unit	2014	2015	The existing plan in 2016
I	Product				
1	Aluminum wire Φ 9.5mm	Ton	11,609	10,640	
2	Copper wire processing	Ton	1,253	1,210	
3	Power Cable	Km	6,434	10,432	
II	Revenue	Bil dong	557.79	519.70	420.64
1	Aluminum wire Φ 9.5mm	Bil dong	453.49	396.12	260.80
2	Copper wire processing	Bil dong	11.59	8.95	7.20
3	Power Cable	Bil dong	65.85	89.90	152.64
4	Other revenues	Bil dong	26.85	24.72	
	EBT	Bil dong	15.92	16.17	15

Adjust the business plan in 2016: unofficial information, VTH will consult shareholders and adjusted Rev and EBT plan in 2016 falling 1/2 compared to the existing plan, profit before tax in 2016 will be around VND 7.5 billion, 8% cash dividend. EBT in Q3 2016 is estimated at about VND 1.5 billion, approximately VND 4.8 billion in 9M2016.

Business activities depend on major customers: the biggest customer of the VTH is Cadivi (product of Aluminium wire array 9.5mm) and Dong Nai Power (product of power cable) for the replacement and expand the electricity network in the province. VTH said the long term plan is to develop the product of power cables and expand distribution system, but so far the expansion of the system is not positive.

Limiting in fixed asset investments due to the factories relocation plan of the State. In 2016, VTH had only one large investment project that is to rebuild the aluminum furnace, costs of about VND 1 billion. In 2017, the company is expected to invest some copper wire drawing machine, but limited in the scale by the deadline of its factory relocation from Bien Hoa 1 industrial zone in 2021-2023.

Major shareholders. Current major shareholders of VTH include SVC (13.02%), Tan Cuong Thanh Electric cables (11.7%) and CAV (9.6%). CAV is the only one which has business transactions with VTH.

Stock recommendations

Short-term portfolio

No.	Ticker	Date	Buy price	Current price	Unrealized gain/ loss	Cutlosses	Target
1	HHG	3/6/2016	7.9	9.2	16.5%	7.3	12.2
2	DXP	8//08/2016	23.4	22.9	-2.1%	21.8	26.2
3	CTI	27/5/2016	24.8	28	12.9%	23.1	31.8
4	C47	11/07/2016	13.2	13	-1.5%	12.2	14.8
5	REE	1/08/2016	20.3	20.3	0.0%	19.5	23.5
6	GMD	8//08/2016	26.3	29.1	10.6%	24.2	28.5
7	HSG	15?08?2016	40.3	41.9	4.0%	35.5	45.0
Average					5.8%		

Source: BSC Research

CANSLIM portfolio

No.	Ticker	Date	Buy price	Current price	Unrealized gain/ loss	Cutlosses	Target
1	MBB	27/4/2015	13	14.8	13.8%	13	15.6
2	CMG	16/10/2015	14.6	13.8	-5.5%	17	17.5
3	DHC	11/07/2016	38.8	35.1	-9.5%	36	47
4	TTC	27/5/2016	21.7	23.4	7.8%	20	26.0
5	CTI	25/07/2016	26.9	28	4.1%	25	32.3
6	BIC	17/6/2016	22.1	28.4	28.5%	21	27
Average					6.5%		

Source: BSC Research

Market statistics

Top 5 leaders on the HSX

Ticker	Price	% Chg	Index pt	Volume
VCB	54	1.89	1.363	275230
VNM	145	1.4	1.237	1.17MLN
CTG	17.3	1.17	0.381	427180
HSG	41.9	4.23	0.171	2.54MLN
Ticker	Price	% Chg	Index pt	Volume
MSN	61.5	-2.38	-0.58	503710
MWG	146	-4.58	-0.526	1.02MLN
BID	16.3	-1.21	-0.35	1.61MLN
BVH	59	-0.84	-0.174	112450
PNJ	68	-4.23	-0.151	245910

Top 5 gainers on the HSX

Ticker	Price	% Chg	Index pt	Volume
NKG	35.6	6.91	0.059	1.30MLN
VID	4.7	6.82	0.004	10
BGM	1.6	6.67	0.002	150120
DRH	17.7	6.63	0.028	4.07MLN
TTF	9.8	6.52	0.043	2.60MLN

Top 5 losers on the HSX

Ticker	Price	% Chg	Index pt	Volume
VNH	0.9	-10	0	9870
BTT	35.6	-6.32	-0.013	13980
D2D	30.6	-5.26	-0.009	2760
VPS	19.8	-4.81	-0.009	50
VOS	2.1	-4.55	-0.007	10470

Source: Bloomberg, BSC Research

Top 5 leaders on HNX

Ticker	Price	% Chg	Index pt	Volume
PVR	3.4	9.68	0.07	100
KKC	14.5	5.84	0.069	5800
AAA	24.1	7.11	0.041	1.12MLN
VBC	70.5	5.22	0.036	2400
Ticker	Price	% Chg	Index pt	Volume
SGO	3.8	-2.56	-0.049	206800
TV2	92.1	-0.97	-0.02	1700
NTP	58.8	-0.17	-0.016	6100
PVG	7.7	-1.28	-0.012	26600
L14	79	-4.7	-0.011	800

Top 5 gainers on the HNX

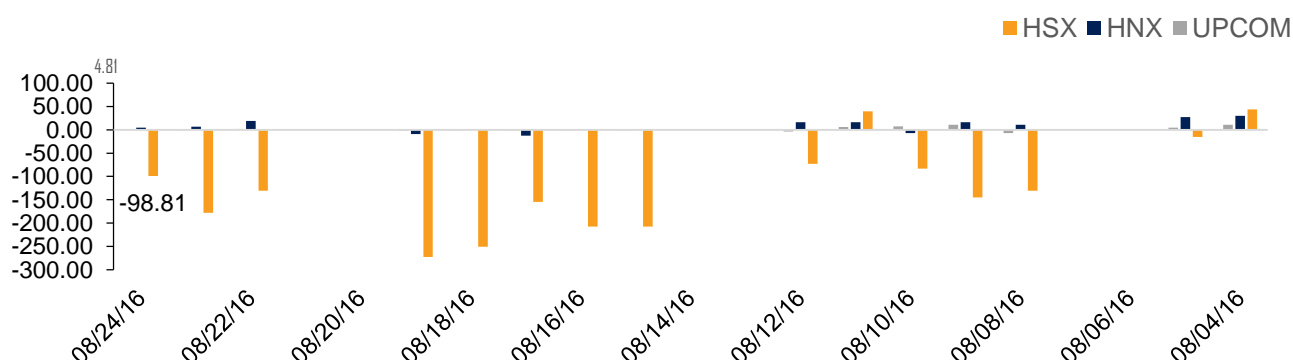
Ticker	Price	% Chg	Index pt	Volume
SIC	12.2	9.91	0.004	2500
TV3	54.4	9.9	0.018	200
PEN	9	9.76	0.021	2900
PVR	3.4	9.68	0.07	100
TFC	22.7	9.66	0.014	23900

Top 5 losers on the HNX

Ticker	Price	% Chg	Index pt	Volume
GMX	21	-9.87	-0.005	3200
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

The information, statements, forecasts and projections contained herein, including any expression of opinion, are based upon sources believed to be reliable but their accuracy completeness or correctness are not guaranteed. Expressions of opinion herein were arrived at after due and careful consideration and they were based upon the best information then known to us, and in our opinion are fair and reasonable in the circumstances prevailing at the time. Expressions of opinion contained herein are subject to change without notice. This document is not, and should not be construed as, an offer or the solicitation of an offer to buy or sell any securities. BSC and other companies in the BSC and/or their officers, directors and employees may have positions and may affect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for these companies. This document is for private circulation only and is not for publication in the press or elsewhere. BSC accepts no liability whatsoever for any direct or consequential loss arising from any use of this or its content. The use of any information, statements forecasts and projections contained herein shall be at the sole discretion and risk of the user. No part of this material may be (i) copied, photocopied or duplicated in any form by any mean or (ii) redistributed without the prior written consent of BIDV Securities Company (BSC).

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