

Vietnam Second half 2017 Outlook

BSC Research

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Macroeconomics

- GDP in Q2/2017 increased by 6.17% over the same period. Service sector grew most strongly with 6.85%
- The PMI rebounded to 52.6. Industrial production rose positively thanks to increased orders, improved inventories and improved labor size.
- Total retail sales of consumer goods and services in June were estimated at VND326.6 trillion, up 0.96% over the previous month and up 11.6% YoY.
- Foreign investment as of 20/06/2017 increased by 14.51% MoM compared to last month and 4.92% YoY. Investments focus mainly on manufacturing and distribution of electricity, gas, hot water, steam and air conditioning.
- The current USD/VND interbank exchange rate in June, 2017 fluctuated in the band of VND22,660 – 22,705/USD. In June, interest rate for all terms declined. The State Bank of Vietnam (SBV) continued to net out via OMO

Stock market

- The market activities on both exchanges showed a strong increase in scores but decreased in liquidity in June. The VN Index and HNX-Index increased by 5.24% and 5.56%, respectively, up 7.5% and 9.04% respectively compared to the end of last quarter. Market indicators maintained their upward momentum from the beginning of the year and continued to conquer the new resistance levels.
- The average liquidity on both exchanges decreased by 12.53% compared to May 2017 and remained at VND 4,404 billion per session. Foreigners had a net purchases on HSX and a net sold on HNX.
- P/E of VN-Index and HNX-Index reached 16.55 and 11.98 respectively. The current P/E of HNX-Index is in the second position, P/E of VN-Index is in the second position, P/E of VN-Index lowered to 10th.

Market outlook next quarter

- VN-Index will continue to move in the range of 740-800 points in the third quarter, and may reach 820-850 by the end of the year, the suggested scenarios are as follows:
 - In the positive case, VN-Index will continue to conquer the new peak with the support of Blue-Chip stocks and the rotation between groups with highly weighted capitalization such as Banking, Consumer, Manufacturing. The market rallied well in July and the first half of August when it received business information in the second quarter.
 - In the negative case, VN-Index will return to below 770 points when there are unexpected geopolitical factors and foreign investors turned to be net sellers.
- **Recommended stocks:**
 - Leading stocks, state-owned stocks divested, wide-room stocks, new listed stocks;
 - Basic stocks have a low estimated value, a slow growth or not keep up with the general growth of the market;
 - Stocks that are defensive, or are undergoing changes and are expected to improve profitability such as Consumer, Pharmaceuticals, Power, Technology;
 - Group of stocks benefited from domestic support policies (anti-dumping, interest rate subsidy package).
- In long term, BSC's recommended stocks that will be included in the industry outlook for 2017 ([Link](#)), stocks with improving performance are recommended in the Investment Consultant Weekly Report ([Link](#)) Company/Sector Update ([link](#)).

Macroeconomics of June 2017

Economics growth

- **GDP in Q2/2017 increased by 6.17% over the previous year. GDP for the first 6 months of 2017 is estimated to increase 5.73% YoY.**
- **Industrial production index in June 2017 increased to 52.5(+1.74% MoM);**
- **Retail activities increased by 11.6% over the same period last year;**

Gross domestic product GDP in the second quarter / 2017 increased 6.17% over the same period. Of which, agriculture, forestry and sea product increased by 2.65%, contributing 0.43 percentage points to the overall growth rate; the industrial and construction sector increased by 5.81%, contributing 2.0 percentage points; the service sector grew by 6.85%, the highest growth rate over the past five years, contributing 2.59 percentage points.

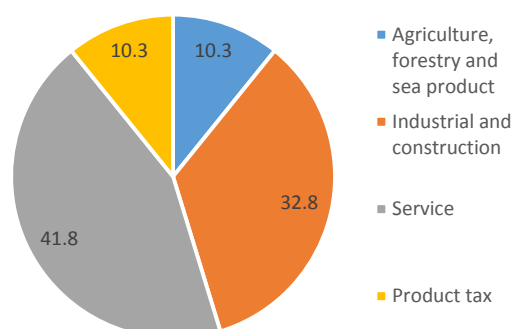
In the agriculture, forestry and sea product sector, the sea product sector recorded the highest increase of 5.08% compared to the same period of 2016, contributing 0.15 percentage point to the overall growth rate. In the industrial and construction sectors, the industry sector increased by 5.33%, much lower than the 7.01% growth of the same period in 2016, mainly due to continued declining trend in the mining sector, down by 8.2%, reducing 0.61% of the total growth. Percentage of general growth rate, this is the sharpest decrease compared to the same quarters of every years since 2011. The manufacturing industry grew by 10.52%, approximate to the same period growth rate last year of 10.50% contributing 1.79 percentage points. Construction grew at a robust 8.50% rate, contributing 0.45 percentage point to overall growth. In the service sector, wholesale and retail increased

7.10% over the same period last year, the industry with the highest contribution to the general increase (0.65 percentage points).

Industrial production index in June was estimated to increase by 0.4% over the previous month and 8.6% over the same period in last year. Mining industry continued to decrease by 8.2%; Processing and manufacturing increased by 10.5%; Electricity production and distribution increased 8%; Water supply and Waste and Wastewater treatment rose 7.8%.

Chart 1

Economic Structure in quarter II/2017



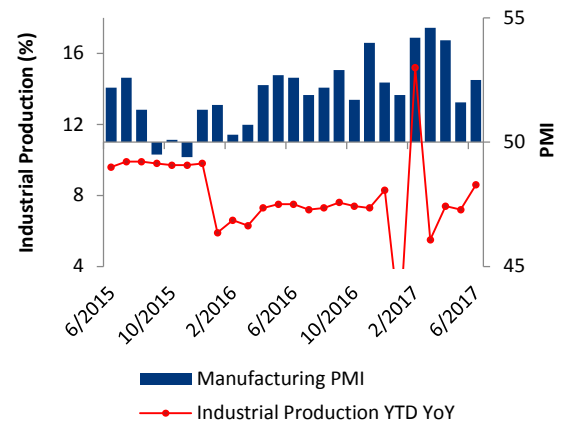
The consumption index of the whole manufacturing industry in June 2017 increased 4.3% over the previous month and increased 8.2% over the previous year. For the first six months of this year, the industrial production index increased by 6.2% over the same period last year (first quarter rose 4.3%, Q2 rose 7.8%), although lower than the 7.2% growth of the same period in 2016 but higher than the 5.8% in the first 5 months of the year. Industries with high consumption index were: Manufacture of other transportation vehicles increased by 13.5%; Metal production increased by 12.3%; Production of motor vehicles by 10%; Leather production and

related products increased by 9.1%. Some sectors with 3 month low growth rate were Manufacturing of medicines, pharmaceutical chemicals and pharmaceutical material by 2.3%; Production of electronic products, computers and optical products increased by 1.5%; Food production and processing increased by 1.2%; Bedding, cabinets, furniture and textiles increased by 0.9%; Tobacco production increased by 0.3%.

Inventory index of the whole manufacturing and processing industry in the first half of the year decreased by 0.1% against May and increased by 10.2% over the same period in 2016. Some industries saw minimal increase or decrease were: Manufacturing of medicines, pharmaceutical chemicals and pharmaceutical material increased by 3.6%; Paper and paper products production increased by 2.5%; Clothing production increased by 2.3%; Electronic, computer and optical products: 0.8%; Production of motor vehicles decreased by 0.8%; Production of chemicals and chemical products decreased by 1.1%; Tobacco production fell 8.5%; Other transportation vehicles (mainly shipbuilding) decreased by 34.5%. Some sectors have high inventory index: Beverage production increased by 88.8%; Metal production increased 52.4%; Electric equipment production increased by 33.1%; Production of non-metallic mineral products (mainly cement) increased by 31.1%; Production of products from prefabricated metal (except machinery and equipment) increased by 17%.

Chart 2

Industrial production index & PMI



Source: GSO, Markit, BSC Research

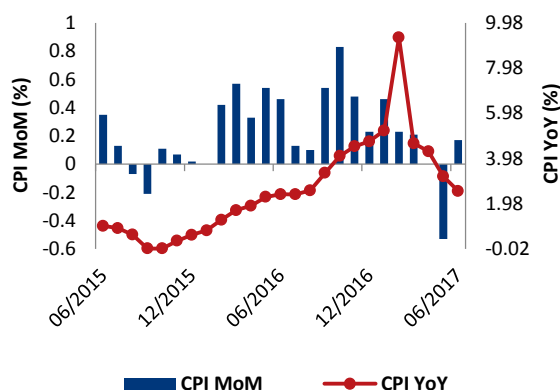
The PMI rose in June. The PMI rose back to 52.6. The average PMI in Q2 was 52.7, down 1.67% from Q1. In terms of production volume, 45.9% of enterprises rated Q2 production volume in this quarter increased compared to the previous quarter ; 18.4% of businesses rated the volume of production decrease and 35.7% of businesses said it was stable. On orders, 39.2% of businesses have orders in the second quarter of this year higher than the previous quarter; 18.3% of enterprises have their orders decrease and 42.5% of enterprises have stable orders. On the size of the workforce, 16.5% of enterprises confirmed the increase in labor size; 12.3% of businesses said it was down and 71.2% of businesses said it was stable.

Inflation

- **Average CPI in June 2017 was 2.54% higher than the previous year.**
- **Average CPI in the first 6 months of 2017 increased by 4.15% over the same period of 2016 due to the increase in the price of medical services, some provinces have implemented the roadmap for increasing tuition fees, and the increase in price of essential global commodities such as fuel prices, fuel, steel .**

Consumer Price Index (CPI) in June dropped 0.17% month on month and rose 2.54% from the same period last year. The average consumer price index in the first 6 months of 2017 rose by 4.15% YoY. Core inflation in June 2017 increased by 0.1% over the previous month and 1.29% over the same period last year. In addition, the average basic inflation in the first six months also increased 1.52% over last year.

Chart 3
CPI monthly movements



Source: GSO, BSC Research

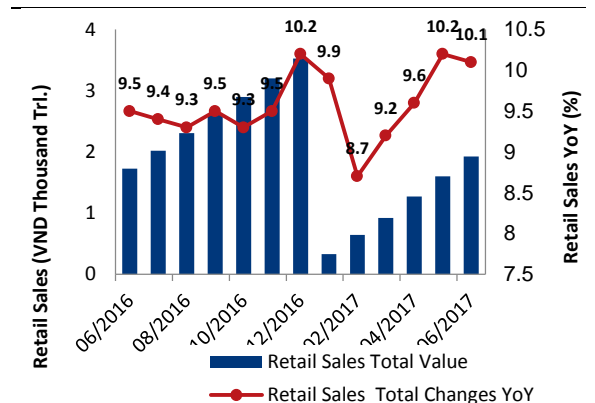
In June, the transportation sector decreased by 0.71% mainly due to the reduction of petrol price, fuel oil price fell by 1.47%, food and drink service reduced by 0.59%, of which grain decreased by 0.51% due to surplus in supply; Food prices fell by 0.85% mainly due to the fall in fresh meat prices; Post and telecommunications decreased by 0.01%. The remaining groups of goods and services have increased price index: housing and construction materials increased 0.53%; Culture, entertainment and tourism increased by 0.19%; Education increased by 0.09%; Equipment and household appliances by 0.08%; Apparel, footwear, hats and other goods and services also increased by 0.05%; Medicines and health services increased by 0.01%.

Total retail sales of consumer goods and services in June were estimated at VND 326.6

trillion, up 0.96% MoM and up 11.6% YoY. For the first six months of this year, total retail sales of goods and services reached VND 1.924 trillion, up by 10.1% YoY, retail sales of goods reached VND 243.5 trillion, up by 0.25% MoM and up by 10.3% YoY; Revenue from hospitality, catering services was VND 41.4 trillion, up by 6.43% MoM and up by 14.2% YoY; Travel revenue reached VND 3 trillion, up by 7.1% MoM and up by 4.8% YoY; Other service revenue came to VND38.8 trillion, down by 0.26% MoM and up by 9.2% YoY.

In the second quarter of 2017, the inflation index remained unchanged compared to that in April, plunged sharply in May and slightly increased again in June. Overall, inflation in the second quarter declined from the previous month, due to fluctuations in pork prices as a result of surplus supply in May.

Chart 4
Retail Sale



Source: GSO, BSC Research

Table 1
Changes in goods and services in the month

No.	Goods and services group	MoM(%point)	YoY (% point)
1	Restaurant and Food Service	-0.59	-0.10
2	Transportation	-0.71	4.22
3	Pharmaceutical & Healthcare	0.01	46.14
4	Housing & Construction Material	0.53	3.35
5	Entertainment	0.19	0.83
6	Beverage & Cigarettes	0.10	1.50
7	Apparel, hats & footwear	0.05	1.05

8	Household Appliances	0.08	1.02
9	Education	0.09	9.80
10	Postage and telecommunications	-0.01	-0.64
11	Others	0.05	1.71

Source: GSO, BSC Research

Foreign direct investment (FDI)

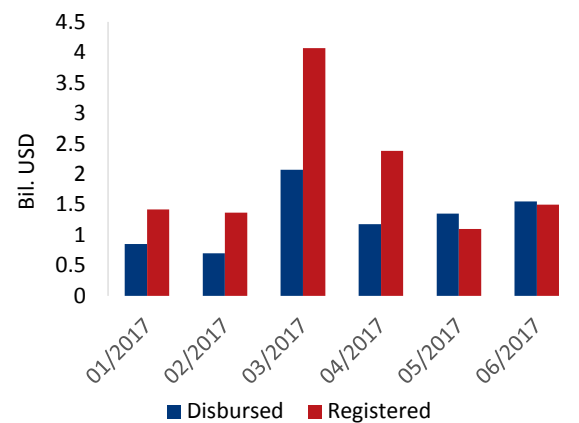
- Foreign investment maintained the upward momentum in June.
- Investment is concentrated in the manufacturing and distribution of electricity, gas, hot water, steam and air conditioning.

Total registered foreign investment up to June 20, 2017 reached USD 11.84 billion, up by 14.51% over the previous month and by 4.92% over the same period last year. In particular, the registered capital of June was USD 1.5 billion, up by 36.79% over the previous month and up by 3.33% over the same period last year. At the same time, disbursed FDI in the first six months was estimated at USD 7.7 billion, up by 25.2% over the previous month and by 6.5% over the same period of 2016. June's disbursed FDI was USD 1.55 billion, up by 14.81% MoM and by 3.33% YoY.

The average growth rate of foreign direct investment in the region in Q2 of 2017 compared to the same period last year declined sharply compared to the first quarter of 2017, mainly due to the increase in registered FDI in March by three times higher than February, leading to the average growth rate of the first three months of the year increased by 16.01%, much higher than that of the third quarter of 9.88%.

Chart 5

FDI (Bil. USD)



Source: GSO, BSC Research

The sector of production and distribution of electricity, gas, hot water, steam and air conditioners attracts the most foreign investment with registered capital of newly licensed projects reaching USD 5.23 billion, accounting for 44.4% of the total registered capital, followed by manufacturing and processing industries, was USD 3.84 billion, accounting for 32.4%. The remaining sectors were USD 2.74 billion and accounted for 23.2%. The top three provinces attracting the highest FDI in the country were Thanh Hoa (25.8%), Nam Dinh (17.9%), Kien Giang (11%).

In May, Japan took the lead with the largest investment capital of USD 4.57 billion, accounting for 38.6% of the total newly registered capital, followed by Singapore with USD 2.73 billion, accounting for 23.1%. In third place was Korea with USD 1.63 billion, accounting for 13.7%.

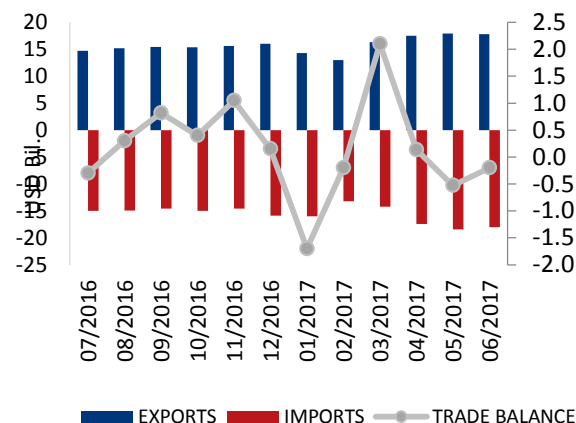
Commercial, Export/Import

- The trade balance in June was estimated at USD 200 million, the trade deficit was USD 2.70 billion in the first half of the year.
- Total imports in June were estimated at USD 17.8 billion, down by 0.7% MoM. Import turnovers in June were

estimated at USD 18 billion, down by 2.5% from the previous month.

Export turnovers in June were estimated at USD 17.8 billion, down by 0.7% against last month, of which the domestic sector reached USD 4.80 billion, down by 2.6%; the FDI sector reached USD 13 billion, approximate the import turnover of last month. Export turnover of some goods and services increased remarkably: Telephone and components increased by 43.4%; Machinery, equipment, tools, spare parts increased by 37.1%; Electronics, computers and components up by 24%; Textiles and garments increased by 14.1%; Crude oil rose sharply to 46.8%. Some items exported decreased compared to the previous month: machinery, equipment, tools, spare parts decreased by 8.2%; Phones and accessories decreased by 8.1%; Footwear fell by 2.2%.

Chart 6
Import/Export (Bil. USD)

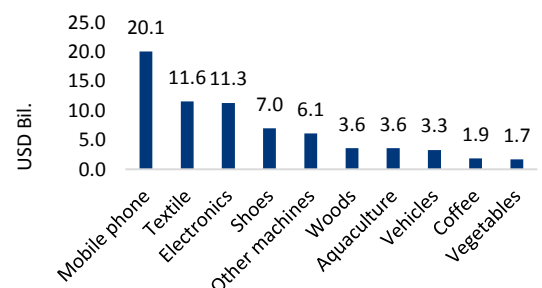


Import turnovers in June were estimated at \$ 18 billion, down by 2.5% from the previous month, of which the domestic economic sector gained USD 7.25 billion, down by 1.1%; the foreign invested sector reached USD 10.75 billion, down by 3.4%. Some goods and services increased in value compared with the same period in last year: machinery, equipment and spare parts increased by

31.9%; Electronics, computers and components by 27.8%; Phones and accessories were up 49.8%. Some items have decreased import turnover: machinery, equipment, spare parts decreased by 1.7%; Electronics, computers and components decreased by 5.3%; Fabric decreased 3.5%; Iron and steel decreased by 4.5%; Plastics decreased by 2.8%; Textile, garment and footwear accessories decreased by 5.4%; Plastic products decreased by 1.2%.

In the second quarter, export turnover was estimated at USD 53.2 billion, up by 22.0% over the first quarter of 2017 and up by 21.7% over the same period last year. In the first half of this year, the export turnover was estimated at USD97.8 billion, an increase of 18.9% over the same period last year. A number of key products continued to increase over the same period in last year: Telephone and components reached USD20.1 billion, up by 18.3%; Textiles and apparel reached USD11.6 billion, up by 7%; Electronics, computers and components: USD11.3 billion, up by 42.3%; Footwear reached USD7 billion, up by 11.6%; Machinery, equipment and spare parts reached USD6.1 billion, an increase of 36.3%; Wood and wood products reached USD3.6 billion, up by 13.5%; Fisheries: USD3.6 billion, up by 15.6%; Transportation equipment and spare parts reached USD3.3 billion, an increase of 15%; Coffee reached USD1.9 billion, up by 9.9%; fruit and vegetables reached USD1.7 billion, up by 50.4% .

Chart 7
Top 10 export goods (Bil. USD)



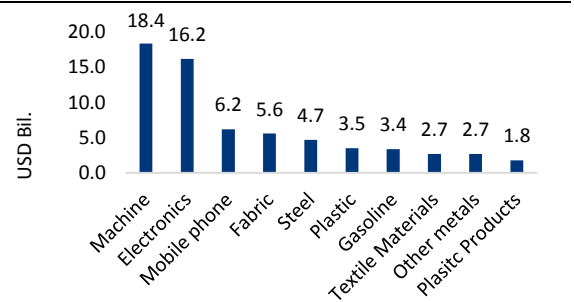
Source: FIA, BSC Research

Regarding to export markets in the first 6 months of the year, the United States is the largest export market of Vietnam with USD 19.6 billion, up by 9.5% over the same period in 2016; Followed by the EU with USD 18.2 billion, up by 12.6%; In third place is China reached USD 13 billion, up by 42.5%; ASEAN market reached USD10.4 billion, up by 26.7%; Japan reached USD8 billion, up by 19.5%; Finally, South Korea reached USD 6.6 billion, up by 29.1%.

In the second quarter of 2017, import turnover reached USD 53.8 billion, up by 24.5% over the first quarter 2017 and up by 38.3% over the same period last year. In the first six months, import turnover reached USD 100.5 billion, up by 24.1% over the same period last year. Imports of most items in the first 6 months increased over the same period in last year: machinery, equipment, tools, spare parts reached USD18.4 billion, up by 37.8%; Electronics, computers and components: USD16.2 billion, up by 28.2%; Phones and components reached USD 6.2 billion, up by 29.5%; Fabric reached USD 5.6 billion, up by 10.1%; Iron and steel reached USD 4.7 billion, up by 24.3%; Plastics reached USD 3.5 billion, up by 24.6%; Gasoline reached USD 3.4 billion, up by 31.4%; Raw materials for textile, garment and footwear reached USD 2.7 billion, up by 9.5%; Other common metals reached \$ 2.7 billion, up by 19.8% plastics reached USD2.5 billion, up by 20.6%.

Chart 8

Top 10 import goods (Bil. USD)



Source: FIA, BSC Research

In the first six months of 2017, China remained the largest importer of Vietnam with its turnover of USD 27.1 billion, up by 16.8% over the same period of 2016; The Korean market ranked second with USD22.5 billion, up by 51.2%; Followed by ASEAN with USD13.6 billion, up by 17.6%; Japan reached USD7.7 billion, up by 10.7%; Finally, the EU reached USD5.8 billion, up by 16.3%.

Foreign exchange market

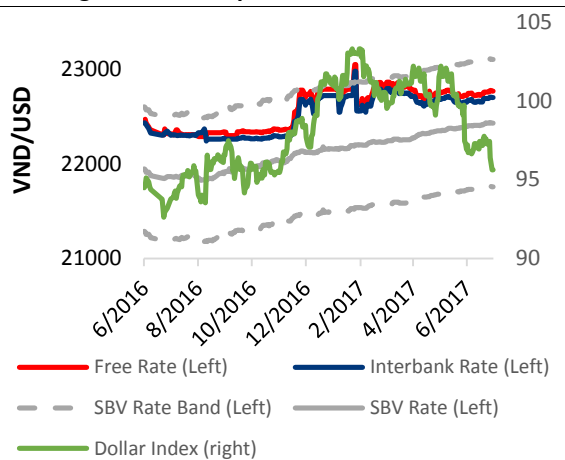
- The interbank exchange rate has shown signs of increasing against May and fluctuating around 22,700 VND / USD.
- The exchange rate in the second quarter continued to remain stable from the first quarter.

USD/VND interbank exchange rate in June 2017 fluctuated in the band of 22,660 - 22,705 VND/USD. An average of this month was 22,674 VND/USD, an increase of 0.01% against May's price. In June, the central rate continued to increase significantly due to the fact that the Fed decided to raise interest rates from 22,396 VND /USD at the beginning of the month to 22,431 on 30/06.

The free exchange rate also moved similarly to the interbank exchange rate, the free exchange rate also increased slightly and fluctuated in the range equivalent to last month, in the range of 22,720 VND/USD - 22,775 VND/USD. The average free exchange rate in June 2017

increased by 0.09% over May, reaching 22,744 VND/USD.

Chart 9
Exchange rate development



Source: Bloomberg, BSC Research

USD price index at 30/06/2017 continued to decline from May and decreased by 1.7% compared to the end of May 2017. The USD index rebounded in the first half of June and hit a peak of 97.5 points as the market responded to Fed rate readings at its June 14 session. However, the index declined because of the effects of political instability when President Donald J. Trump's bills faced parliamentary hindrances and a split of views on further raising interest rates. The Fed has expressed support for the third raise halt.

From the beginning of 2017, the VND/USD rate fluctuated suddenly in the first two months and started to stabilize in March. Since Q1/ 2017 and until now, the VND/USD exchange rate has been trading on Free markets with a tendency to move sideways and trade in the range of 22,700-22,780 VND/USD. The interbank exchange rate trend was similar to the free market in Q2/2017 and traded at 22,610-22,710 VND / USD.

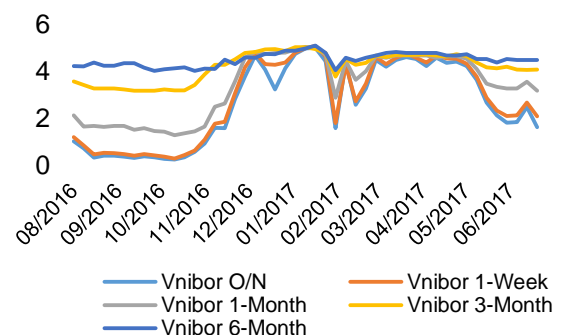
Banking – Interest rate

Interest rates for all terms declined in June. The State Bank continued to net out via OMO. In the third week of June alone, the SBV net withdrew by VND 45 billion, causing the OMO

volume to barely reach VND 5 billion.

By the end of June, interest rates in commercial banks have maintained a stable trend due to the abundant liquidity in the system and demand for stability of the SBV. The common lending rate is 6% - 9% for short terms, 9% - 11% for medium and long term. Although the pressure of raising interest rates from inflation and credit still exists as credit growth to 7.54% from the beginning of the year, interest rates may still be pushed down by the government to keep the interest rates stable in order to achieve GDP growth rate of 6.7%.

Chart 10
Interbank interest rates



Source: Bloomberg, BSC Research

At present, interbank interest rates overnight, one week, one month, three months and six months are down to 1.05%, 0.79%, 0.30%, 0.10%, and 0.05% over the same period. The net withdrawal via OMO and the strong downward trend of interbank rates last week continued to show that the liquidity of the whole system was abundant and strongly improved. Moreover, the SBV raised the USD buying rate and pushed up buying foreign currencies recently, suggesting that the injected domestic supply helped increase liquidity without the need to use open market instruments..

In Q2/2017, the interbank rates for short terms (overnight, one week, and one month) remained unchanged from the end of April and

interest rates for long terms (3 months) , 6 months) continued to fluctuate steadily since the beginning of the year.

Macro forecasting in QIII/2017 and year 2017

On an international scale, Vietnam's macroeconomics in July may be affected by some of the following impacts:

(1) In the United States, the Fed will hold a meeting in late July (25-26) and September (19-20) to decide on the official time to start the plan to narrow the board and raise interest rates for the third time. In the first week of July, the Fed will publish a summary of their June meeting. This summary is expected to be detailed and complete on their USD4.5 trillion balance sheet reduction plan. In addition, in July, June employment report will also give the Federal Reserve an average hour wage - the main reason for the unachievable of the Fed 2% inflation target rate in Q2 / 2017. Furthermore, on Friday, the Fed will publish a semi-annual report on monetary policy and Fed's Chairman Janet Yellen will have a Congressional hearing before the US Congress on July 12 to protect and answer to queries related to its monetary policy. The coming moves of the Fed will mainly affect the US bond market as well as the US dollar exchange rate.

(2) Negotiations between the European Union (EU) and Britain on the Brexit issue. On June 19, representatives of the two sides met and began negotiating the first round. Both sides have agreed that the figure of EUR65 billion would be enough to compensate for the loss of the EU when Britain left the Union. The negotiating process is unfavorable with regard to this amount when the parties cannot reach an agreement. The issue of EU citizenship in the UK is also discussed and there are some small steps in this issues. The first talks ended with important issues still deadlocked. On July 2, the UK officially breached the London whaling agreement, thereby canceling the fishing rights of some EU countries fishing in the waters. It is expected that the second talks will continue on July 17 with content related to EU compensation, citizenship, commercial law and Brexit law. It can affect up to two currencies Euro and British Pound, which directly affect the import and export situation of Vietnamese enterprises in these two markets.

(3) The German presidential election takes place in September. Recent polls show Angela Merkel will win the election this September. Merkel's policy remains the same as before, developing international trade relationships, supporting globalization, multi-ethnic diversity. In contrast, opposition candidates support trade protectionism, immigration cuts, and strengthen the benefits of the German. The final result of this election will have an impact not only on Germany but also on the whole of the European Union as well as the trade policies of both sides.

For the domestic situation, the focus in Q3 includes the following issues:

(1) Resolution on handling bad debt of credit institutions, effective for 5 years and apply from 15/8/2017. This resolution will return the right to handle bad loans to banks, allow the sale of bad loans to banks, allow the sale of bad debts at any price to any buyer (counting neither the person nor the organization is a business entity). In addition, the issue of choosing an independent valuation organization, the resolution stipulating the organization of buying, selling and dealing with bad debts (including VAMC) shall be agreed with the CI on the selection of independent valuation organizations. The positive impact of this resolution will accelerate the pace of bad debt recovery of the banking sector, thereby improving the business results of the sector in the second half of 2017, contributing to the increase of capital in the market and Speeding up economic growth.

(2) As of July 1, 1977, the government raised the base salary to VND1,300,000 per month under Clause 10, Article 2 of Resolution No. 27/2016 / QH14. This resolution is expected to increase the consumption of consumer goods in a short time. In addition, the increase of base salary this time will be used as a basis to increase wages, allowances and other regimes ... as follows: increase salary, allowance levels and implement other regimes according to the law for The subjects as prescribed by law; Increasing activity fees, living expenses in accordance with the law; Increase deductions and entitlements at the base rate.

(3) Growth momentum in manufacturing activity in Q3 may continue to decline. As in Q2, the number of start-ups started to decline from May to June, with only 10,742 registered enterprises with registered capital of VND110.6 trillion, down 1.9% And 7.3% decrease in registered capital compared to the previous month. In addition, the inventory index of the manufacturing industry continued to increase sharply by 10% over the previous year in June (April was 12.7%, May was 11%). Although the index has shown signs of a slight decline, but the growth over the same period last year is still very large. Moreover, the average PMI in the second quarter fell by 1.69% compared to the first quarter. However, this factor shows that the downward trend of business activities of Vietnamese enterprises can be signaled will continue in the third quarter.

(4) Interest rates and inflation. Interest rates of commercial banks are likely to remain at the same level as the second quarter. Although interest rates are subject to high credit growth, the government will still require the SBV to keep interest rates steady, especially in June, even though the Fed raised interest rates. Inflation in the third quarter may be higher than in the second quarter, but below the target of "limiting inflation below the government's 4%." The main reason for the decline in second quarter inflation was the decline in oil and gas prices as world oil prices declined sharply with food and foodstuff prices continuing to decline due to overproduction of pork meat in the month. 5. Meanwhile, the CPI in at least eight major commodities groups rose slightly each month. Therefore, the decline of inflation in Q2 is unsustainable as the decline has decreased in June to 2.54% compared to May.

(5) Forecast by the end of 2017: Based on the forecasts of the World Bank and International Monetary Fund (IMF) and five-year statistical data, the GDP is expected to reach 6.4%, the CPI is 4.15. FDI registered USD23.21 billion, realized FDI was USD19.56 billion, trade balance was negative USD3.96 billion, VND / USD exchange rate was 23,000.

Table 2. Monthly Macro Indicators

Indicators/Month	2016M11	2016M12	2017M1	2017M2	2017M3	2017M4	2017M5	2017M6
PMI	54	52.4	51,9	54,2	54.6	54.1	51.6	52.5
IIP yoy (%)	7,2	8,3	15,2	15,2	5.5	7.4	7.2	8.6
IIP ytd yoy (%)	7,3	8,3	15,2	15,2	5.5	5.1	5.7	5.7
Retail Sales yoy (%)	-	10,2	9,9	8,7	9.2	9.6	12.2	11.6
Retail Sales ytd yoy (%)	9,5	10,2	9,9	8,7	9.2	9.6	10.2	10.1
CPI mom (%)	0,48	0,28	0,52	0,23	0.21	0.00	-0.53	0.17
CPI yoy (%)	4,52	4,7	5,22	5,02	4.65	4.30	3.19	2.54
Registered FDI (Bil. USD)	0,49	1,5	1.42	2.78	6.86	9.24	10.24	11.84
Disbursed FDI (Bil. USD)	1,6	2,84*	0.85	1.55	3.6	4.8	6.15	7.7
Export (Bil. USD)	15,6	16	7,3	13,0	16.3	17.5	17.9	17.8
Import (Bil. USD)	16	16,3	7,38	14,2	17.4	17.3	18.4	18.0
Trade balance (Bil. USD)	-0,4	-0,3	1,15	-1,2	-1.1	0.2	-0.5	-0.2
Exchange rate (VND/USD)	22.720	22.760	23.050	22.648	22.829	22.680	21.724	21.744

Source: BSC Research

Chart 3. Quarterly Macro Indicators

Indicators/Quarter	Q3/2015	Q4/2015	Q1/2016	Q2/2016	Q3/2016	Q4/2016	Q1/2017	Q2/2017	2017
GDP yoy (%)	6.47	6.68	5.46	5.52	6.68	6.68	5.1	6.17	6.4
IIP yoy (%)	10.1	9	6.2	7.4	7.6	8.3	5.5	8.6	7.9
Retail Sales yoy (%)	9.7	9.5	8.8	11	9.7	10.2	9.2	11.6	10.1
CPI yoy (%)	0	0.6	1.69	2.4	2.57	4.7	4.65	2.54	4.1
Registered FDI (Bil. USD)	2,03	0.8	4.56	7.35	5.2	3.17	6.86	4.98	23.2
Disbursed FDI (Bil. USD)	1,22	3.5	3	6.01	3.7	6.12	3.6	4.1	19.5
Export (Bil. USD)	38.7	40.4	38.6	43.5	44.9	47	36.6	53.2	183.6
Import (Bil. USD)	37.6	40.8	37.4	43.9	44.7	48.2	39	53.7	191.4
Trade balance (Bil. USD)	1.1	-0.4	1.2	-0.4	0.2	-1.2	-2.4	-0.5	-3.96
Exchange rate (VND/USD)	21,400	22,320	22,300	22,177	21,940	22,760	22,829	22,680	23,000
Credit growth	10.23	17.17	1.54	6.2	10.46	18	2.81	7.54	18

Source: BSC Research

Stock market in June 2017

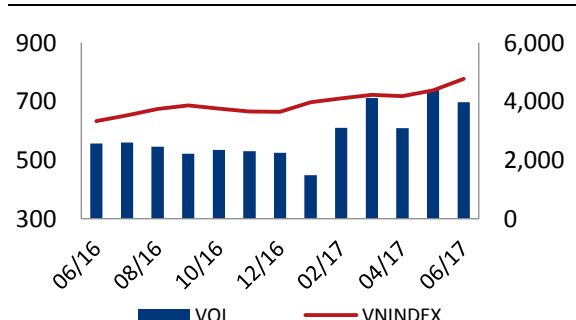
Market Overview

The market indices on both exchanges were in an uptrend in scores in June, continued conquering new short-term resistance levels (Statistics of market indices-details in appendix 1 and 3). Up to 30/06/2017, VN-Index officially rose by 38.65 points compared to last trading session of previous month, and 54.16 points compared to last trading session of previous quarter, up by 5.24% and 7.5%; and HNX-Index increased by 5.23 points compared to end of previous month and rose by 8.22 points compared to the end of the previous quarter, up by 5.56% and 9.04%.

Although indices continued rising in points in this month, maintaining the increasing momentum from the beginning of the year but the liquidity had a decrease compared to May. The increase momentum of the index largely depended on several market leaders and banking stocks throughout the month. SAB, VNM, PLX and GAS contributed 17.8 point to the index, the banking sector including VCB, BID, MBB and CTG contributed about 11 points for market index, on the other hand, ROS reduced 7.82 point from the index.

Chart 11

VN-Index development



Source: HSX, Bloomberg, BSC Research

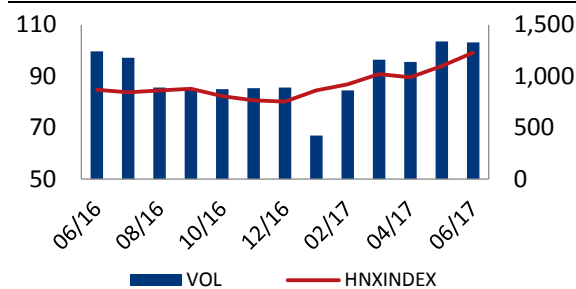
The effects of the National Assembly session XIV took place in this month were quite positive for the banking stocks, the information that Fed raised interest rates in this month as well as the trading activities of 2 ETFs did not affect much cash flow and market trading activity. However, market liquidity had declined and the market indices were being governed by large-caps. Smart money, this month, returned to Real estate, Construction and Construction material, making market trading more aggressive in this segment.

Market index quickly broke through the resistance level of 770 and approached 780 in the last sessions of June, closed on 30/06, VN-Index was at 776.47 points. On Hanoi Exchange, HNX-Index also had similar movements, approached the strong resistance level of 100 point, closed at 99.318 point on 30/06, up 9.16% compared to 31/03.

In general, Vietnam stock market performance in the first six months of 2017 had positive changes compared to end of 2016 as well as the same time in the years before. General market index maintained increasing momentum from the beginning of the year after creating the bottom level of 648.37 at the end of 2016, VN-index increased by 111.6 points compared to the last trading session of 2016, up by 16.78%. It should be noted that this was also the period that market index continuously broke through several historical resistance levels of the last 9 years.

Chart 12

HNX-Index development



Source: HNX, Bloomberg, BSC Research

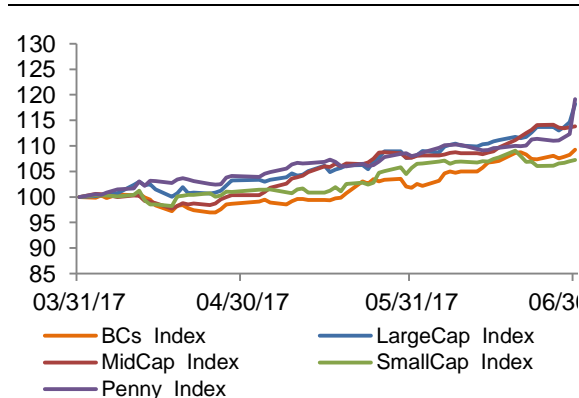
Along with the increasing points, this period also saw the growth of market capitalization, market liquidity as well as foreign capital flows which indicated positive signals as net buy returned

The development of stocks classified by market capitalization.

All capitalization groups grew in second quarter, in which Large-Caps and Pennies had the best increasing rates in the market, respectively by 18.2% and 19.1% compared to the end of first quarter. Mid-Caps and were also in an upside momentum, respectively by 13.8% and 9.2, created the base for the upside momentum of the market. Small-Caps had the lowest growth rate compared to other capitalization categories and reached 7.3% compared to the end of the first quarter.

Chart 13

Stock groups development



Source: Bloomberg, BSC Research

Capitalization

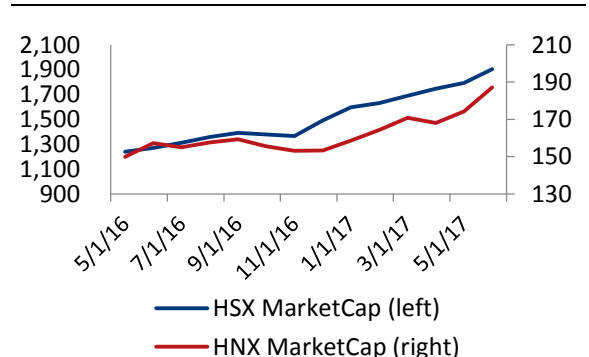
Total market capitalization of 2 exchanges reached VND 2,089.69 trillion, which is equivalent to \$92.06 billion, up by 6.28% MoM. From June 2017 there were 5,337 million of additional listed shares on the HOSE, more than 273 million delisted shares, 11.3 million of additional ETF listed. 380 stocks listed on the HSX had the value listed up to VND 549 trillion, of which VDS, AAA and TDG listed on the exchange contributed VND 4.09 trillion. These factors contributed to the increase of market capitalization in June.

The capitalization of the HSX increased by 6.17% MoM, while HNX market capitalization gained 7.39% MoM.

Market capitalization rose steadily in the first six months of the year. If the capital scale of 2 exchanges was VND 1642 trillion at the end of 2016, the process of increasing market capitalization in the first six months of 2017 pushed market capitalization up to VND 2089.69 trillion, by 27.26% compared to the end of 2016 which was equivalent to \$19.7 billion.

Chart 14

Market capitalization



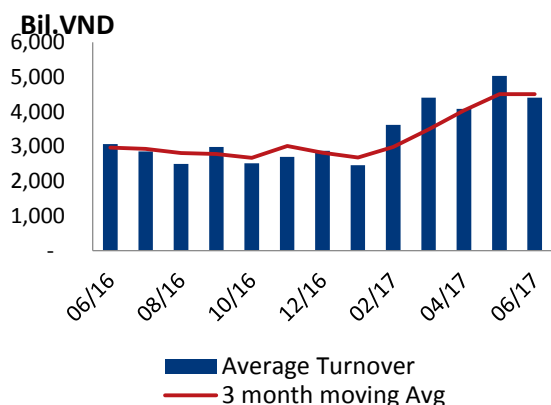
Source: Bloomberg, BSC Research

The average trading volume

The average liquidity of the two exchanges decreased by 12.53% compared to May 2017, remained at VND 4404 billion/session and equivalent to nearly \$194.00 million/session.

Chart 15

Average Trading Value



Source: Bloomberg, BSC Research

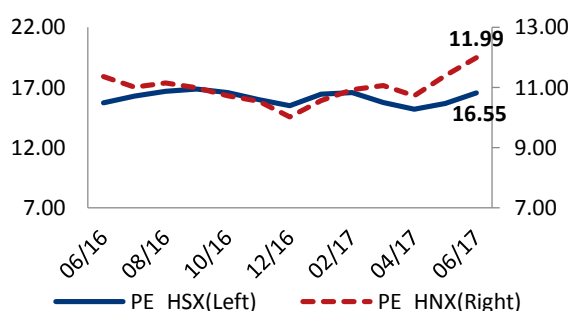
Along with the increasing momentum of the index, the market liquidity also rose sharply during the year-first 6 months, liquidity steadily increased in the first 5 months and declined in June, the largest average liquidity was in May with an average of 5,034 billion/session.

PE level of Vietnam stock market

P/E of VN-Index and HNX-Index reached 11.99 and 16.55 respectively. Along with the rising momentum in score of the market, P/E of VN-index and HNX-Index also increased rapidly in the first 6 months of the year. Throughout the region, HNX-Index kept its ranks while VN-Index moved down by 1 rank compared to last month. The current P/E of HNX-Index is in the second place, P/E of VN-Index ranked at number 10.

Chart 16

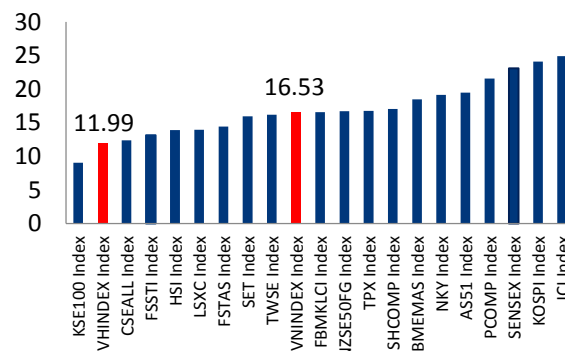
The development of P/E on the two exchanges



Source: Bloomberg, BSC Research

Chart 17

P/E of VN market compared to others in region



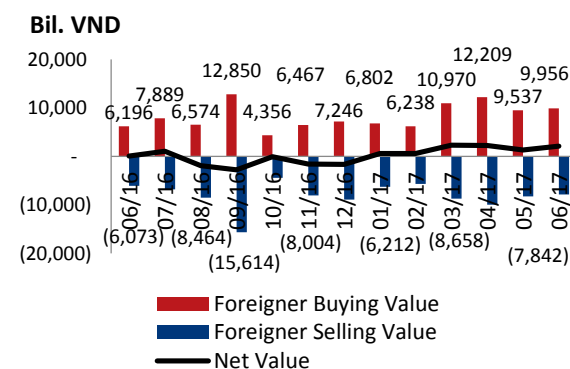
Source: Bloomberg, BSC Research

Foreign investors' transactions

In June, foreign investors continued buying activities on both exchanges, of which HPG had the highest number.

Chart 18

Trading activities of foreign investors on HSX



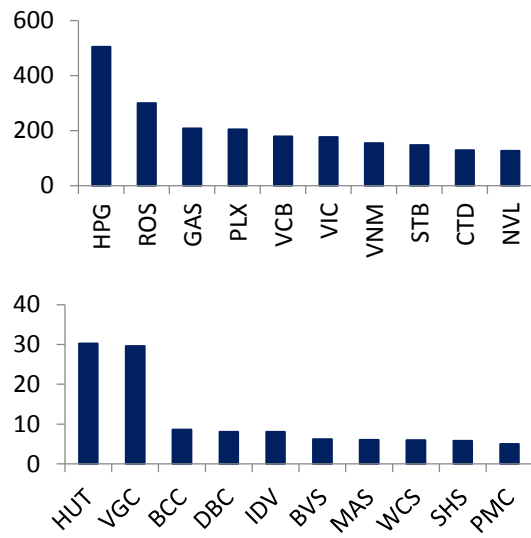
Source: BSC Research

As of June 30, foreigners had a net purchase on HSX at VND 2,114 billion and net sellers at VND 72 billion on the HNX. On the HSX, foreign investors strongly bought HPG (VND 504.04 billion), ROS (VND 299.14 billion), GAS (VND 207.74 billion), PLX (VND 204.57 billion), VCB (VND 178.30 billion) and sold PVD (VND 180.14 billion), SKG (VND 91.80 billion) and HAG (VND 88.72 billion). On HNX market, this group mainly invested in HUT (VND 30.25 billion), VGC (VND 29.57 billion), BCC (VND 8.60 billion)

and divested from PVS (VND 110.58 billion),
SHB (VND 44.03 billion)

Chart 19

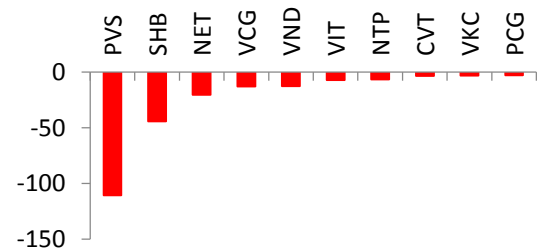
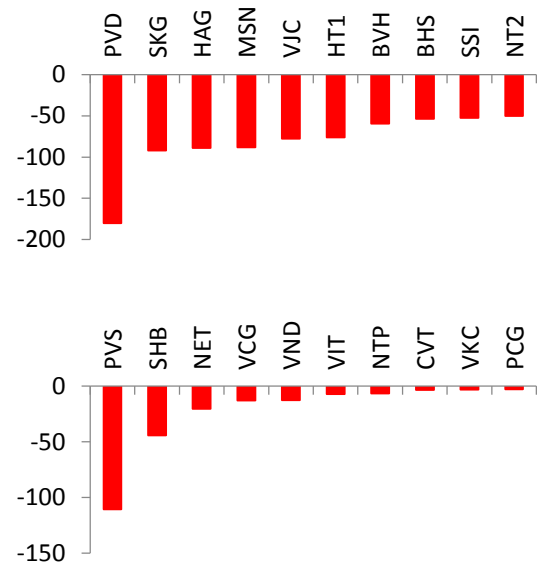
Top 10 net foreign purchase stocks in June



Source: BSC Research

Chart 20

Top 10 net foreign selling stocks in June



Market outlook in quarter III and in 2017

Quarter II had many major events occurred suddenly and possessed greater risk than that in quarter I. The world stock market fluctuated dynamically but continued maintaining the growth momentum since the year began.

About geo-politic, the U.S. facilitated military operations in hot places such as Syria, Afghanistan, North Korea, along with a tense political situation in Islamic world caused the stock market to moved dynamically. In addition, summit meetings between US and China, US and major European nations also led to changes in foreign policy, national security and economic policy of powerful countries. The France general election in May with foreseen results had created a positive effect on the market.

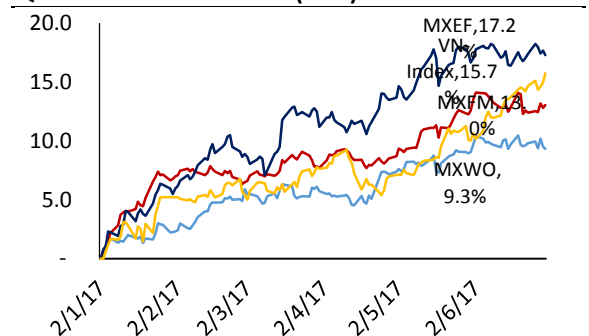
About economic policy, the central banks of the US, EU, and China all published their warning of easing monetary policies in recent period. However, only FED had a clear action when it raised the interest rate the second time during this year at its June meeting, accordingly, raised the interest rate up by 0.25%, up to 1 – 1.25%. Moreover, FED also announce its contracted plan by shrinking its USD 4,500 billion balance sheet. This information is within its pre-planned raising interest road map and also in consistent with the market forecast and thus, had no significant impact on money market, product market and stock market.

Countries economy and major regions marinated their respective growth rates. FED' raising interest rate event did not affect the emerging market and frontier market which was recovering and decreasing its dependence on major countries. Therefore, stock market indexes also maintained their corresponding growth rates in quarter I, MXEF index (MSCI's Emerging index) increased by 6% in quarter II, recording an increase of 17.2% in a 6-month

period. Corresponding to emerging market development, MXFM (MSCI' Frontier index) increased by 4.3%, up to 13%, and MXWO (MSCI's World) moved up by 3.6%, up to 9.3%.

Chart 21

Quarter I's stock indexes (USD)

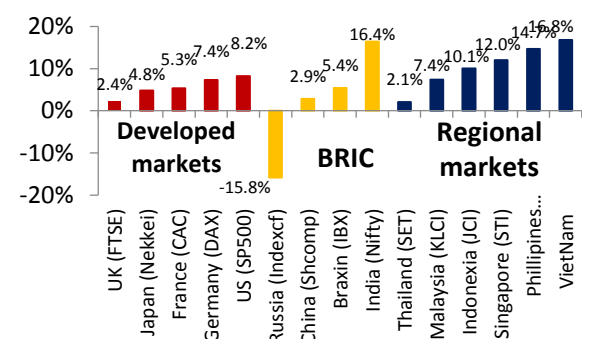


Source: Bloomberg, BSC Research

Analyzing individual nations of the region in quarter II, Japan stock index (+5.1%), US stock index (+2.7%) led the bullish momentum at developed nation when European nations had only slight increase or slight decrease; Indian (+4.3%) is leader in the BRIC region, other stock markets decreased; Vietnam (+8.2%) and Philippines (+7.8%) led the stock market in their region.

Chart 22

The development of stock market in 6M/2017



Source: Bloomberg, BSC Research

On a 6-month scale, U.S's stock indexes, India's stock indexes and Vietnam's stock indexes led the growth momentum of notable markets in developed market region, BRIC region and Asia region with respective growth

rate of 8.2%, 16.4% and 16.8%. VN-Index also ranked the 29th/96 stock market that had the best growth rate in the world.

Contributing to the growth momentum of regional markets, foreigners continued conducting net purchases in quarter II and net sale in Pakistan. The event that FED raised the interest rate in June did not affect the foreign investments in the regions.

Table 4
Foreigners net purchase in the region in 6 months (million USD)

Country	June's Trade	Quarter II's trade	6M's trade
India	385	1,583	8,282
Indonesia	(325)	678	1,304
Japan	399	1,175	2,464
Philippines	386	757	408
Korea	1,659	4,245	9,011
Sri Lanka	18	109	146
Taiwan	720	3,443	9,011
Thailand	(5)	208	393
Pakistan	10	(175)	(337)
Vietnam	75	226	370

Source: Bloomberg, BSC Research

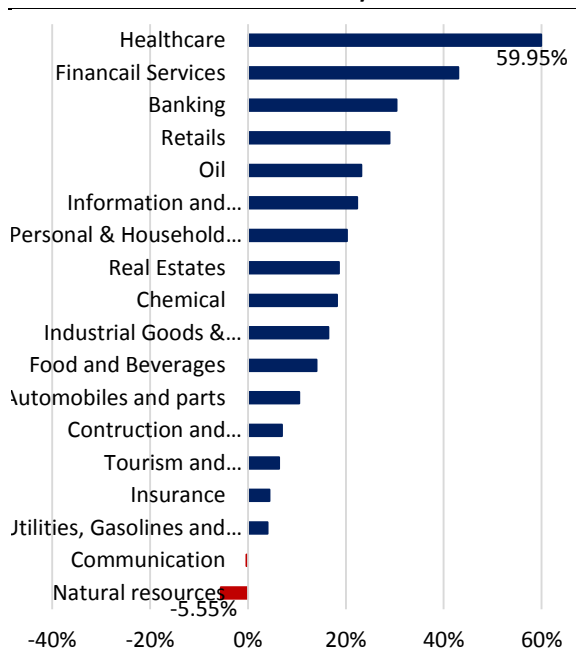
Along with the growth momentum of the world stock market, Viet Nam stock market continued recognizing a significant growth. VN-Index continuously created new market point peak in this year and passed the 9-year historical height thanks to the growth of both foreign net purchase and domestic cash flow. The stock market increased in term of price, liquidity usually maintained at a high and stable rate. VN-Index increased by 5/6 months since the year began. The upside trend is firmly supported in the entire quarter II, accordingly slight correction in April with traded, and outburst in May and June with high market liquidity thanks to positive participation from foreigners, expanding domestic investment operations and increasing margin investment activities. On a stable price level and high market liquidity, the market continued rapidly rotated between different sectors, pushing

stock price level to a higher price region. Some notable developments in quarter II:

- Major stocks, along with Banking sector continued to be the main supportive factors for VN-Index's growth. Three decisive stocks were VNM (contributed 11 points), PLX (contributed 11 points), GAS (contributed 5.2 points), banking stocks (MBB BID, CTG, and VCB, altogether contributed 14.5 points) accounted for 77% of the index growth. These stocks took a major role in supporting the index of breaking through resistance level and establishing new heights in this quarter.
- P/E of VN-Index did not change but the market had a re-evaluation of Mid-cap stocks causing P/E and price of this stock group to improve sharply. P/E as of 30/6 was 16.52, increased by 1.5% in comparison to the year started. However, 50 stocks that accounted for 77.6% of VN-Index increased averagely by 47% in 6M/2017. The market had a stock re-evaluation of 6 months, some stocks that had attracted investors increased sharply in term of price and P/E while other high proportion stocks such as VCB, SAB, VIC, GAS, MSN, BVH, ROS had slow price growths. Moreover, P/E of these stocks decreased in comparison to this year started. Considering the correlation between EPS and P/E in quarter I, average EPS increased by 11.5% while P/E increased by 39.4%. Almost, stocks that had improved Q1 business result also increased well in 6 months; however, some stocks increased sharply due to expectations of M&A, lifting foreign ownership limit, selling asset that in turn, caused high profit growth in quarter II. (Appendix 2)
- The market continued its rotation in different sectors and stocks in June, supporting 19/20 sectors to growth. 3 sectors increased significantly, including Pharmaceutical (DHG+15.1%, DMC+17.1%, TRA+18.6%), Financial Service (CTS+23.5%, SHS+34.9%, OGC+57.0%), and Natural

Resources KSA+19.7, MIM+54.2, ATG+67.1) while only Construction and Material sector (MCG-10.0%, CCM-22.3%, ROS-33.0%) decreased. In the recent 6 months, pharmaceutical (DHG+90.3%, DMC+92.6%, AMV+101.2%), Financial Service (CTS+96.9%, BMS+100.0%, SHS+210.9%), and Banking (BID+43.7%, SHB+65.2%, MBB+66.5%) led the market with their respective trading values of 59.5%, 42.9% and 30.8%. Especially, banking stocks accounted for a high proportion of the indexes, positively supporting the indexes in its continuous actions of to breaking through the short-term resistance level.

Chart 23
Level II sector movement in 6M/2017



Source: Finpro, BSC Research

The market development in quarter I was consistent with the positive scenario of BSC's quarter II forecast in our March report ([Link](#)) and other growth stocks such as Construction and Material, Real-estate, Banking and Medical were updated in 2017 Sector outlook and Quarter I Sector outlook ([Link](#)). Although the growth rate surpassed our expectation, VN-Index continuously created new heights and established the 9-year highest point thanks

to market expectation, investors cash flow, macroeconomic and corporations improvement. In quarter II, analysis and updated report of sector and stocks was consistent with the market development, some reports achieved highly efficient results, more details are available in our April report ([Link](#)), May report ([Link](#)) and recommended stocks in June including VCG ([Link](#)), DRI ([Link](#)), KSB ([Link](#)), HPG ([Link](#)), FPT ([Link](#)), C47 ([Link](#)), and PNJ ([Link](#)). In June, we also conducted a special report that specially evaluated the effect of Bad Debt Resolution ([Link](#)).

The world stock market entered the third quarter with the price stagnant in U.S stock market, while European market corrected. The market is waiting for the annual quarter II business report after significant growth since the year began. Some notable events occurred in quarter III, though these events did not seem to out of the market expectation. In the circumstance that the world economic is improving, the down trend of the stock market, if happened, may be caused by profit-cut sentiment when good fundamental factors does not match the market expectation.

The Brexit negotiation between England and EU occurred since 19/6, expected to pro-long about 1.5 year, until March 2019. At that time, disregarding the negotiation results, England would leave the European Union. The complicated information and tense situation of Brexit is certain to cause the market to turn its attention to German General Election at 24th Sep, 2017. Christian Democratic Union of prime minister Angela Merkel had won a decisive victory in German and thus, stands a high chance to control the Congress when the multinational trend won at the Dutch and France election.

G20 summit was announced to be held during two days: 7-8/7, of which most notable event would be the meeting between the US president and Russia president. This meeting

would developed a framework for policies regarding potential latent risk such as North Korean nuclear missile program, Ukraine disputes, global terrorism campaign, and especially Syria military dispute.

In quarter III, FED is certain to hold 2 meetings occur in 27/7 and 20/9. FED has raised the interest rate twice during this year and thus, the chance of a third raise in quarter III is quite low when the inflation rate is currently at low level and the economy is moving slowly. FED is waiting for larger changes, and it is likely that the interest rate can only be raised at the end of the year. According to Bloomberg statistics, the chances of raising interest in two meetings are as followed: 27/7 at 0% and 16% at 20/9.

Table 5
Possibility of raising the interest rate in quarter III

Meetings \ Publish Date	30/6
27/07/2017	0.0%
20/09/2017	16.0%

Source: Bloomberg

Along with the U.S, China economic policy also affected significantly on the world economy, especially to, developed market region. Monetary policy of China is moving toward a conservative and tightening trend in order to create a stable economic period and also controlling real estate bubble and shadow banking system. In contrast, China's idea of "One belt, one road" is expect to stimulate the development of Asia region and connected to other region in the circumstance that protectionism is rising.

In general, although it possessed latent risk, the world circumstance in quarter III is stable and supportive for the stock market.

In Vietnam, quarter II domestic report was stable, GDP growth improved but not clearly and maintained a large distance toward the 6.7% GDP growth rate in 2017. CPI indexes, interest rate, Exchange rate were stable even if

the market imported 2.7 billion USD in the recent 6 month period. SBV proactively raised the USD in order to increase its reserve in case that FDI and FII were positive. FED raised the interest rate but the effective degree on exchange rate was not significant. This phenomenon is the achievement of macroeconomic management in the first 6 months of 2017. GDP in quarter II/2017 increased by 6.17%, in 6 months, GDP increased by 5.73%, quite far away from government targeted rate. The main motivation force for GDP mainly came from Industry & Construction and Service. Mineral sector decreased by 8.2% affecting the general growth rate while other sectors had positive improvement. Economic growth is a hard problem for the Government in the upcoming 6 months. The stable macroeconomic condition had created opportunity for management agency to stimulate public investment and consider easing monetary policy. Bad debt resolution were passed by Congress and it was planned to be executed at 15/8. This resolution is expected to create new supportive factors for banking sector and also the economy. With the government supportive economy growth rate in recent 6 months, investors can considered this policy as a golden opportunity to attract large amount of cash flow and that in turn, caused a strong growth momentum in 2017.

For stock market, quarter III had many positive information such as semiannual business reports and government economic policy. After once time delayed, the derivative stock market is going to be deployed in the beginning of August. The first pack of products are future contracts (VN30 and HNX30) and government bonds.

Table 5
Factors that affected the market in QIII/2017:

Events	Impacts
Supportive government economic growth policy. Effect of management reform to support	Positive

corporations and economy.	
VND 100 billion loans for high agriculture technology and needed time considering provide loans for to affect industrial workers to buy low price house	Positive,
Business result in quarter II	Positive
Bad Debt resolution for credit institution	Positive
Future index contract	Positive, limited
Capitalization and large IPO diluted, corporations, commercial banking depend on Ba na Hill, ..	cash flow
Geo-politic: Brexit, German election, US - Russia disputes	Risky, hard to estimate
FED meeting on 27/7 and 20/9, raised the interest rate	Low probability
Major business cases trials	Forecasted, but unexpected event
P/E, P/B of VN-Index was at high level, mainly due to sentiments, when margin investment expanded.	Hidden risk supportive factors changes

Source: BSC Research

In the basis of evaluating the market development and market information, BSC formulated the following VN-Index scenarios in quarter III: VN-Index continued moving within the price region of 740-800 point.

- In a positive case, VN-Index continues conquering new height price region with the support of Blue chips stocks and rotated between different sectors that had high proportion such as Banking sector, Consumer sector, Production sector. The market will have a significant growth movement in July and the first half of August when accounting for positive information in quarter II business report. Market liquidity is maintained at a stable rate and strong differentiation continued occurring after expectation period and it is confirmed by business reports in quarter II. However, the trend continued extending thanks to expectation from positive impact originated from Bad Debt Resolution.

Large cap stocks continues to be the center of the market thanks to foreign net purchases activities, lifting foreign ownership limit and government divested policy.

- In a negative case, VN-Index will return to the region below 770 point when geo-politic events occurred suddenly and foreigners reversed their trading activity, back to net selling. Unexpected negative international information occurred may create a strong selling effect when the profit satisfaction grows larger by days. The market corrected when investors re-evaluated stocks with high P/E that were affected by pricing factor.

Although quarter III outlook had many unexpected information, we yielded a higher probability for the positive scenario thanks to government economic growth policy, improving profitability of corporation especially in Consumer sector, Banking sector and Real-estate sector, positive trading activities of foreigners along with expanding domestic investors activities.

In the second part of 2017, many corporations are sure to conduct IPO. In turn, the scale and liquidity of the market increases significantly along with clearer economic growth indication. The music has started, many additional chairs are going to be put forth for late coming investor and after the party, the stock party remained ahead, the market is expected to have a larger step in term of points in the last two quarters of the year based on seasonal growth after 10 years (2006-2007) and hot seasonal growth after 9-10 year of China stock market occurred in 2015-2016. We forecasted that the market would continue maintaining its slow and stable growth momentum, VN-Index might reach the 820-850 point at the end of 2017 according to BSC's technical analysis, market liquidity excluding put through trading numbers continues improving up to 180 million USD/session (*Appendix 2*)

Investors can refer to some of the reports and topic listed as follow:

- Leading sector stocks, government divested stocks, stocks that had lifted foreign ownership limits, new IPO stocks.
- Fundamental stocks that had low value, slow growth or not as fast as the same rate of the market;
- Defensive stocks, or stocks that had movement and expectations of which profitability is expected to improve such as

Consumer stocks, Pharmaceutical stocks, Electricity stocks, Construction stocks, Technology stocks;

- Stocks enjoying benefits from subsidy policy (anti-dumping, supporting loans interest rate package).
- In long term, stocks recommended by BSC are going to be listed in in 2017 Sector outlook ([Link](#)), positive movement stocks is recommended in Investment consultant weekly report ([Link](#)) on a and Company/Sector update report ([link](#)).

Appendix 1: Statistic of stock market indexes in June 2017

Criteria	2014	2015	2016	6M/ 2017	2017 Forecast
General criteria					
Stock indexes					
- VN-Index	545.6	579.0	664.8	776.4	820 -850
- HNX-Index	83.0	79.9	80.1	99.1	110-130
- UPCOM-Index	60.3	51.0	53.8	57.5	60-64
Number of listed corporation	960	1,045	1,103	1,270	1,310
- VN-Index	310	317	320	335	345
- HNX-Index	366	375	376	378	385
- UPCOM-Index	284	353	407	557.0	580
Number of account (thousand account)	1,390.0	1,570.60	1,690.0	1,792.0	1,900
- Domestic account	17.5	18.6	20.1	21.2	
- Foreign account	1,373	1,552	1,670	1,770.8	
Market Capitalization (mil USD)	54,236	60,304	75,648	110,340	120,000
- Growth rate (%)	17.3%	11.2%	25.4%	45.8%	
Net foreign purchase/selling on listed market	179.1	125.5	(355.1)	370.0	450.0
Liquidity criteria					
Average trading volume/ 3 session (mil USD)	128.7	98.5	112.3	171.4	180.0
Market inventory turn over (share turn over/year)	0.8	0.6	0.6	0.6	0.6
- HSX	0.7	0.5	0.6	0.7(*)	
- HNX	1.7	1.0	1.0	1.2(*)	
- Upcom	0.1	0.1	0.1	0.1(*)	
Stocks that had average trading share above 1 mil/day	36	27	23	18	22
Fundamental Ratio					
VN-Index					
- P/E	12.9	12.5	16.7	16.5	16.8
- P/B	1.8	1.7	4.2	2.3	2.5
HNX-Index					
- P/E	11.0	10.3	8.7	12.0	13.0
- P/B	1.1	1.0	0.9	1.1	1.3

(*): 6 months average

Appendix 2: Development of price, EPS and P/E of top 50 highest proportion stocks in VN-Index (*)

No	Ticket	Proportion	6M price growth	EPS			P/E		
				EPS 2016	EPS trailing 12M	%	P/E 2016	P/E trailing 12M	%
VN-Index							16.28	16.52	1.5%
1	VNM	12.18	27.2%	5,831	6,281	7.7%	21.25	25.09	18.1%
2	VCB	7.38	8.6%	1,566	1,668	6.5%	22.64	23.08	1.9%
3	SAB	7.11	5.4%	6,442	7,265	12.8%	28.30	28.67	1.3%
4	VIC	6.00	1.7%	1,178	1,255	6.5%	40.33	34.03	-15.6%
5	GAS	5.94	-0.9%	3,548	4,119	16.1%	16.01	14.15	-11.6%
6	CTG	4.02	40.3%	1,457	1,867	28.1%	7.86	10.85	38.0%
7	BID	3.71	43.7%	1,354	1,843	36.1%	7.91	11.07	39.9%
8	MSN	2.57	1.8%	2,481	2,467	-0.6%	16.61	17.02	2.5%
9	HPG	2.15	18.8%	4,470	5,565	24.5%	5.51	5.75	4.4%
10	NVL	2.13	13.1%	3,396	3,396	0.0%	17.70	20.02	13.1%
11	BVH	2.08	-1.2%	1,651	1,641	-0.6%	35.11	35.05	-0.2%
12	MBB	2.03	66.0%	1,715	1,811	5.6%	7.82	12.31	57.4%
13	ROS	2.03	-22.8%	1,136	1,136	0.0%	100.97	77.90	-22.8%
14	MWG	1.69	33.0%	5,125	5,709	11.4%	14.54	18.02	24.0%
15	FPT	1.15	24.9%	3,413	3,899	14.2%	9.93	12.02	21.0%
16	STB	1.09	46.0%	207	233	13.0%	45.76	59.11	29.2%
17	CTD	0.89	18.6%	20,894	20,854	-0.2%	8.77	10.38	18.4%
18	DHG	0.87	95.0%	4,662	4,808	3.1%	13.68	25.85	89.1%
19	EIB	0.85	43.3%	251	343	36.6%	35.82	37.64	5.1%
20	SSI	0.72	41.1%	1,698	2,133	25.6%	10.15	12.96	27.7%
21	KDC	0.64	27.9%	5,714	5,672	-0.7%	6.36	8.20	28.9%
22	REE	0.61	59.2%	3,526	4,274	21.2%	6.58	8.63	31.3%
23	CII	0.54	34.3%	3,245	7,950	145.0%	8.59	4.68	-45.5%
24	PNJ	0.53	54.4%	4,383	5,654	29.0%	15.04	18.00	19.7%
25	DPM	0.49	9.7%	2,452	2,394	-2.4%	7.28	9.82	34.8%
26	SBT	0.47	43.1%	1,148	1,111	-3.2%	23.79	31.54	32.6%
27	HT1	0.46	10.2%	2,121	2,062	-2.8%	9.67	10.96	13.4%
28	NT2	0.44	10.5%	3,740	3,508	-6.2%	6.95	8.14	17.1%
29	KBC	0.43	21.7%	1,186	1,361	14.8%	11.67	12.38	6.0%
30	GMD	0.41	59.3%	2,009	2,196	9.3%	12.93	19.58	51.4%
31	DCM	0.40	45.6%	1,011	1,387	37.2%	8.93	10.27	15.1%
32	QCG	0.40	610.5%	253	256	1.3%	15.01	105.39	602.2%
33	BHS	0.37	119.7%	1,546	1,312	-15.1%	7.32	17.91	144.6%
34	PPC	0.36	30.5%	1,724	2,665	54.6%	9.11	7.69	-15.5%
35	KDH	0.35	39.3%	1,587	1,658	4.5%	12.60	16.80	33.3%
36	HSG	0.35	13.7%	4,200	5,445	29.6%	5.22	5.95	13.9%

37	PDR	0.33	134.3%	1,033	1,121	8.5%	11.53	24.89	115.8%
38	VCF	0.31	24.2%	14,450	12,978	-10.2%	12.45	17.03	36.7%
39	HCM	0.31	69.3%	2,395	2,624	9.6%	10.99	17.00	54.6%
40	VHC	0.29	2.1%	5,922	6,096	2.9%	9.42	9.68	2.8%
41	TLG	0.28	36.1%	5,514	5,658	2.6%	18.32	24.30	32.7%
42	TRA	0.28	34.5%	5,081	4,867	-4.2%	18.03	25.60	42.0%
43	DXG	0.26	59.6%	2,555	2,603	1.9%	4.83	6.65	37.7%
44	HBC	0.26	131.1%	3,960	5,326	34.5%	5.13	9.63	87.6%
45	BIC	0.24	5.0%	1,083	1,129	4.3%	34.08	34.72	1.9%
46	FLC	0.24	37.9%	1,795	1,818	1.3%	2.89	3.94	36.6%
47	PGD	0.24	34.8%	2,313	1,769	-23.5%	15.43	28.72	86.2%
48	LGC	0.24	1.4%	1,698	1,608	-5.3%	12.05	14.74	22.3%
49	DMC	0.24	92.6%	4,856	5,224	7.6%	13.90	24.88	79.0%
50	BMP	0.24	-5.7%	7,664	6,465	-15.6%	13.69	15.31	11.8%
Total and Average		77.62	47.0%	3,453	3,730	11.5%	16.33	20.88	39.4%

(*) Not including new listed stocks and negative income stocks.

Appendix 3: Development of market indexes, average trading liquidity, market capitalization, PE, foreigner net purchase/sale on 2 indexes in the first half of 2017

Criteria	2016M12	2017M01	2017M02	2017M03	2017M04	2017M05	2017M06
VN-Index	664.87	697.28	710.79	722.31	717.73	737.82	776.47
% compare to 2016M12	-	4.87%	6.91%	8.64%	7.95%	10.97%	16.79%
HNX-Index	80.117	84.455	86.432	90.818	89.537	93.914	99.138
% compare to 2016M12	-	5.41%	7.88%	13.36%	11.75%	17.22%	23.74%
Average liquidity (bil/session)	2873	2460	3465.82	4410	4895	5034	4404
% compare to 2016M12	-	-14.37%	20.60%	53.50%	70.38%	75.21%	53.29%
Market capitalization (thousand billion)	1642	1756.06	1810.04	1895.8	1911.94	1966.67	2089.69
% compare to 2016M12	-	6.95%	10.23%	15.46%	16.44%	19.77%	27.27%
PE VN-Index	15.48	16.03	16.59	17.37	16.10	15.88	16.55
PE HNX-Index	10.02	10.52	10.88	11.40	11.36	11.38	11.99
MBRNN HOSE (bil)	-1626	590	618	2069	2263	1340	2114
MBRNN HNX(bil)	-85	113	26	65	-29.69	89	-72

Disclosure

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