



## Weekly report 05

### Economics

- In the context of the world macro-economic policies turning toward carefulness and flexibility in order to reinforce recovery, Viet nam habor to continue economic-stimulus policies, making advancing step for agriculture, fishery and forestry sector
- With more strict selection and controlment, next economic stimulus package is expected to ensure macro-balance as well as business effectiveness.
- Together with economic encouraging power, reasonable distribution of state-budget fund should be cooperated with mobilizing social financial forces for developing investment

### Equity

- One successful week of VNIndex, it appeared to be conquer old threshold of 582pts and tended toward the pyschologic point of 600pts
- Potential quarter III business results of listed companies have been reflected gradually into their prices, turning-around between business sectors would be attracted by information of premium distribution, charter capital raise and newly-listing

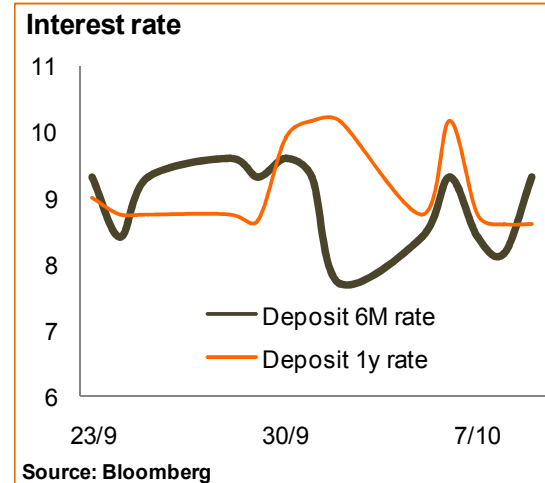
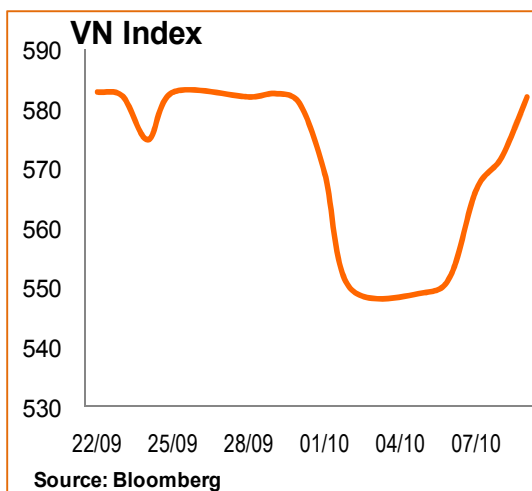
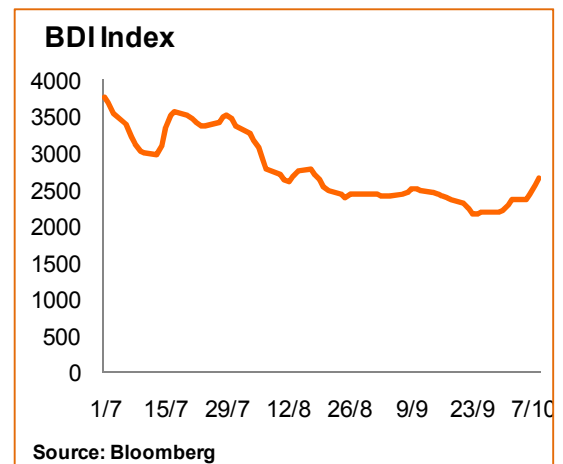
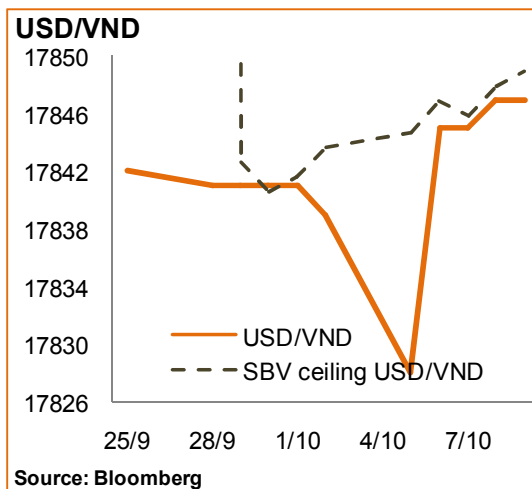
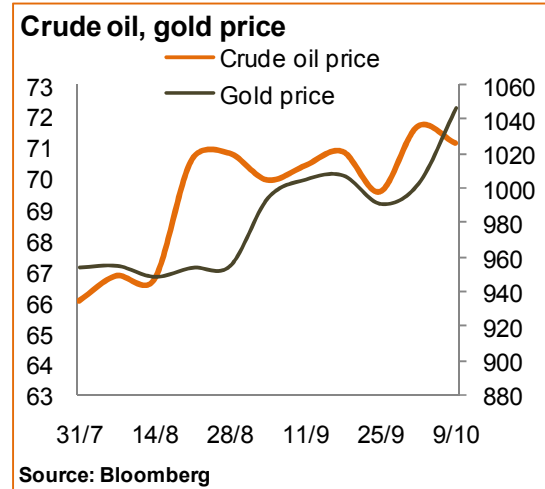
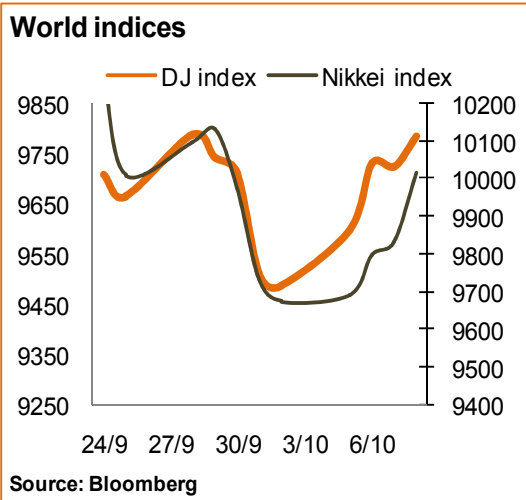
*In line with rebound of world indices, after turning down adjusting period, VNIndex seemed to pass over old threshold of 582.85 pts estatblished on 22<sup>nd</sup> September. We also recognized that, selling pressure would be implemented at this level, however, with positive signals from external and internal macro economy, it is possible for VN Index to come to threshold of pyschologic 600 pts*

*Stability and going up have been significantly positive signal remarked from the leading economy in the season of releasing quarter III business result. Moreover, Vietnamese economy in general and VNIndex in particular is eagering the second economic stimulus package in the late of October. We, the most positive priority would be granted for rural and agriculture forestry and fishery in the time coming of 2009. Thus, together with petroleum sector, agricultural and fishery tickers should be among our medium-term suggestion*

**Research Department**

BIDV Securities Company

**BSC Economic Research Team**



## ECONOMICS

- Waiting for 2<sup>nd</sup> demand stimulus package, new turning-point for agriculture forestry and fishery
- Marking balance of macro-economy and promoting business effectiveness appeared to be important target of the next stimulus package.
- Improving effectiveness of state budget fund using as well as mobilizing social fund for sustainable development.

### The next demand stimulus package – Expectation of economy and securities market

Economic advances posted in the first nine months of 2009 had proved effectiveness of the 1<sup>st</sup> demand stimulus package, notably 4% interest-subsidized program. However, some shortcomings of this program have been made clear in line with the process of considering and making proposals relating to the 2<sup>nd</sup> stimulus package. Of which, disregarding and inconcentrating of interest rate subsidized fund proved to be main reason for ineffectiveness of this policy instrument.

In fact, it was only 20% enterprises were enjoyed above-said program and major growing stimulus beded at exploiting industries (up 8.2%) or non-producing sectors which are not encouraged in term of volume. Meanwhile subsidized amount for farmers and agriculture who are in need of supporting the most has not meet expectation. Moreover, with 405.000 billion VND outstanding credit for above-mentioned 20% firms, some disadvantages appeared such as: demand and supply imbalance on monetary market and foreign exchange, putting pressure on foreign exchange and influencing on national payment balance. Of which, lending inverting; using low

interest-borrowing fund to deposit again into commercial banks for higher rate; using lending fund with inexact objectives... have notable phenomena as to policy management. Therefore, in the time coming, given the fact of potential rebound of all economic sectors, ***on our opinion, passing the 2<sup>nd</sup> economic stimulus package would be necessary, however, scale and implementing method should be considered carefully on the base of ensuring macro-economy balances, notably payment balance, monetary demand and supply and foreign exchange rate. We also recognized that the solution of lower subsidized-rate of 2% basing on sector selection and enterprises regarded as feasible managing choice. Of which, giving priority for agriculture and rural area, especially agricultural, forestry and fishery export commodities aiming to raise export value ratio of fishery to 24-25% in total export value of 2009.***

As to commercial bank, implementing of the coming economic stimulus package as well as selected disbursement would help commercial banks remove barriers relating to bad debts and doubtful debts, ensuring profit target of banks in the end of the year.

As to securities market, the 1<sup>st</sup> stimulus package implementing and pushing up of

financial instrument made Vietnam stock market more attractive and encouraging. Given the fact that, beside general economic power, potential business results of enterprises have made solid position of sectors and enterprises on securities market. Therefore, we expected that the effectiveness of the next stimulus package in the time coming would be reflected exactly throughout effectiveness of investment on securities market.

### **Raising effectiveness of state-budget fund using**

In social investment implemented in first 9 months estimated to be at 483.2 trillion VND, increasing 14.4% y-o-y, of which state budget fund accounted for 174.2 trillion VND or 36% and up 45.5%. However, disregarding investment partly affected effectiveness of fund of state budget, ICOR indicator has tend to upward trend at the level of 8% compared to 6.66% of the year 2008. Beside, more dependence of economic growth on state budget fund throughout raising this fund. And the fact that, it would limit the contribution of social forces for developing investment. As to statistic figures, while investment from state budget increased 45.5%, non-state fund only rose 12.6% and FDI reduced 11.2%.

***Thus, in line with enhancing economic stimulus, making state budget fund more effective would be centric point of financial policy in the time coming. Moreover, social fund mobilizing and using is also in need of promotion.*** In the condition of high state budget deficit, in order to ensure collecting-expenditure balance, it is important for Vietnamese Government to issue Government bonds with attractive interest rate to encourage social forces for development.

### **Weak US dollar, China's ambition to internationalize the yuan**

Within the last 6 months, US dollar has decreased 11.5 percent as compared with other key currencies. US dollar weakens even when officials continuously strive for stronger USD. Weak USD, in other words, means weak US economy with public debts and crude oil import dependent trend. As a result, gold price surged to a record high as well as reducing investors' confidence on this strategic reserved currency by moving their attentions to other commodities. With huge expenses for stimulus packages, US trade deficit in 2009 has risen up to 1,400 billions USD (equivalent to 9.9 percent of GDP), and increased three folds in comparison with last year. At present, Obama government is being put great pressure on keeping USD strength. Meanwhile, recent warning of World Bank has stated that, with current huge trade deficit of US, China and several countries such as Russia, France, Japan and other gulf countries are secretly planning to use Chinese currency, the yuan, when making oil transactions in stead of US dollar. If this is true, it will create an economic war between two countries China and US or the yuan versus the US dollar. Many countries are now using different means of payment in order not to depend much on US dollar. Since originating from the economic power of the leading country in the world, the strength of US dollar is not easy to be replaced, especially when China's foreign exchange reserves amounting for 2,000 billions USD with 70 percent of which investing in US stock market.

### **Positive signals from Australian economy**

On October 6, Australia has become the first nation in G20 as well as the second state bank in the world after Israel raise its basic rate since

the global crisis appears. It immediately created a positive signal for the world economy together with encouragement for the rest nations to overcome crisis. Basing on the healthy banking system along with effective stimulus measures, Australian economy has recovered from the economic slowdown. With the improvement of employment market, retail sales, housing sector, stock market and consumer sentiment, the state bank of Australia stated that basic rate may be raised in the coming time. Australian currency has advanced 27 percent this year because of the prediction that base rate will be increased in the context of keeping basic rates at low level of many nations in the world such as US, Europe and Japan.

### **US receiving good news**

Statistics from the Ministry of Labor showed that, jobless has decreased the first time in week, down 33,000 at 521,000 jobs – the lowest level in the last 9 months. Employment in US has been improved and might become better in October. Therefore, people are now more willing to pay and hence, revenues of retail stores also climbed after almost a year going down. In addition, expectations for the recover of US economy become higher when the biggest copper corporation, Alcoa., one of 30 shares of Dow Jones become the first enterprise to have good business performance

in QIII/2009. This is the first quarter this corporation earns positive profit.

### **Comments**

After an adjusting period last week, world indices started to rebound with significant increase. Since investors still waiting for business results in QIII, Dow Jones moved sideways for several sessions before speed up as investors' confidence in the recovery becoming stronger. Affecting from the US, other major indices also climbed and gained all its losses last week. DJ touched the highest peak in a year and Asian stocks also closed at high level within a month.

From our point of view, the recovery may last next week but will not as remarkably as this week because US is going to step in a week of important macro datas to be released such as CPI, retail sales, industrial production or consumer sentiment.

### **Economic Calendar Oct 12 – Oct 16:**

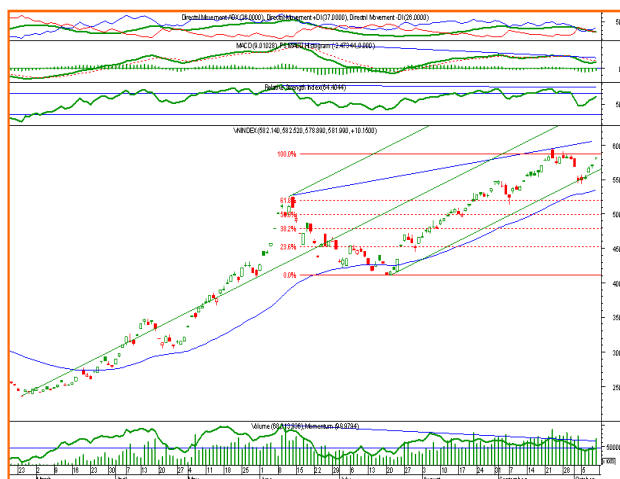
Wednesday	Thursday	Friday
Retail sales	CPI	Industrial production
Import and Export prices	Jobless claim	Consumer sentiment
Business inventories	Philadelphia Fed Survey	

*Source: Bloomberg*

## EQUITY

- Passing over old market and tending toward psychologic point of 600 pts
- Quarter III business results of listed enterprises have been reflected into their prices. The stock market expected the second economic stimulus package, focusing strongly on agriculture, aquaculture and forestry

VN Index movements from 28 Sep – 02 Oct



### Technical Analysis

- Along with the recovery of the world indices, Vietnam stock market witnessed strong rebound in the week. However, the uptrend is still not clear because MACD is not supported by ADX, Stochastic and Parabolic Sar.
- Trading volume remained low, but remarkably increased at the end of the week supporting for short term uptrend.
- VN Index is heading to its last peak at 583pts. Once it passes this level, the market stepped into adjustment wave a-b-c as mentioned in last week report will no longer be correct. Then, wave 5 will last until 590-600pts.
- **Conclusion:** The Vietnam stock market is making effort to break the last peak and heading to new psychological threshold of

HNX Index movements from 28 Sep - 02 Oct



600pts. Such indicators as ADX, Stochastic and Parabolic Sar are giving signals of new uptrend. Support and resistant level of VN Index are 550-556 pts and 583-591 pts while they are 172-176 pts và 195-200 pts of HNX Index.

### Recommendation

The movements of indexes in the week are closely connected to the movements of indices in the world especially the US. After steep fall sessions last week, US stock market rebounded as Golman Sachs raised its ranking of banking and services shares. Good performance of Alcoa in QIII/2009, fall in jobless, increase in retail sales also lifted the stock market up and gained almost all its losses in the previous week.

Major indices	Changes in week 5-9/10
Dow Jones	3.98%
S & P 500	4.51%
Nikkei 225	2.92%
FTSE 100	3.47%
CAC 40	4.10%

With positive economic and enterprises news, the US stock market will continue to go up and hence, this will be the big motivation for Vietnam stock market before business results in QII/2009 are released after October 15.

During 4 consecutive weeks acting as net sellers, foreign investors began to bid in as net buying added up to 48.2 billions VND in the week. Although overseas investors trading volume only account for 12.6 percent of the whole market, the increasing in their net buying still impact strongly on domestic investors.

Worries about withdrawing money are temporarily erased when trading value returned to be huge at the end of the week.

Moreover, the second stimulus plan at the end of October also attracts investors concerns because when it is approved the stock market will be supported much.

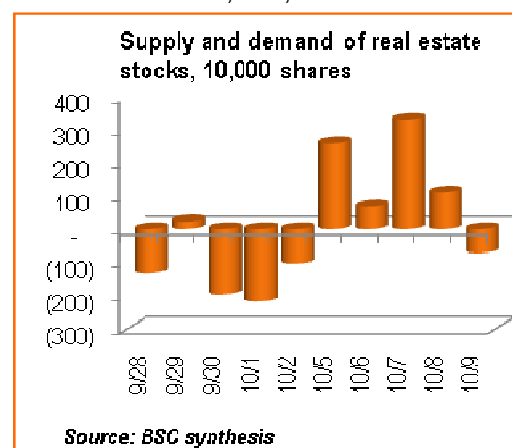
However, we think that almost business results in QIII have been expressed in stock prices. Index is testing its last peak 582.85pts established on September 22 which selling pressure might be great obstacle for the rebound of indices.

Therefore, if there are no sudden changes in the world stock market as well as in the domestic macroeconomy, VN Index is predicted to move around 550-600pts on

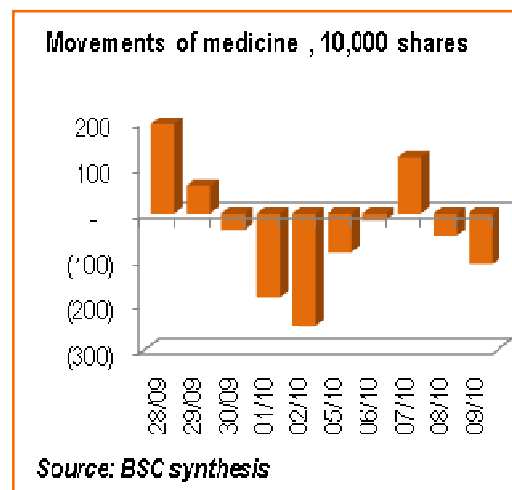
October. Construction, real estate, new listed and premium shares will continue to draw great attentions of investors. Aquaculture, agriculture, petroleum stocks are recommended to invest in medium term.

### Movements between industries from 05 Oct – 09 Oct

Stock market in the world went up after previous retreating week thanks to positive news from Alcoa and employment market. In Vietnam, stock market is still led by real estate stocks such as NTL, DIG, etc.

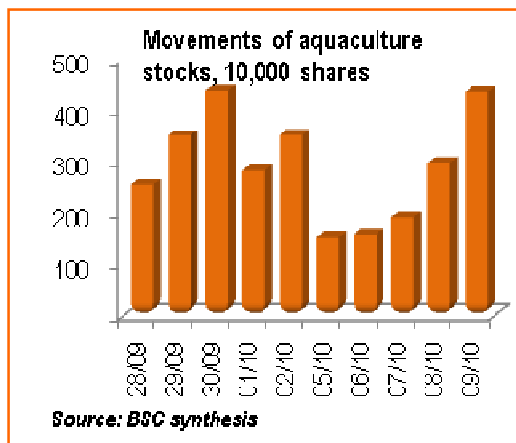


However, when the uptrend in short term is confirmed, defensive stocks such as electricity and medicine stocks draw little attention from investors.

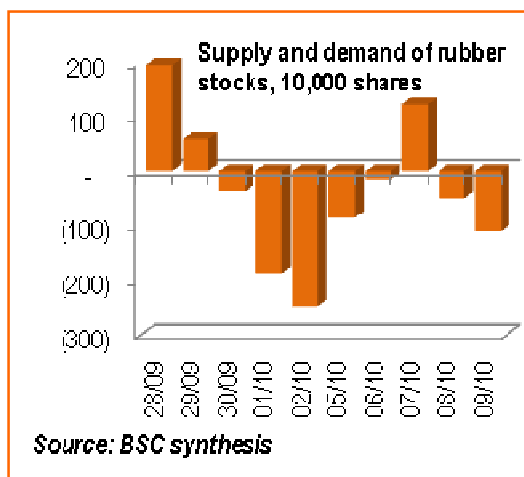




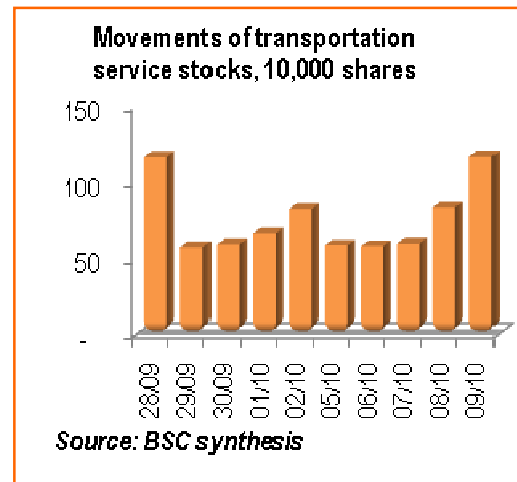
With high expectation of business performance in QII/2009, aquaculture stocks continued to be traded at high volume in the week.



Although business results in the remaining months are predicted to be good, rubber stocks were still sold heavily.

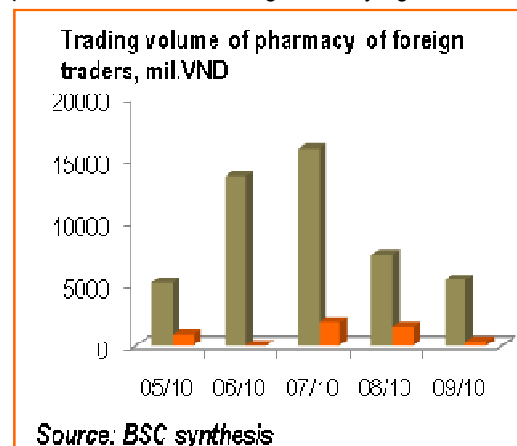


The transportation service group suddenly was traded aggressively within the week. We think that their business results will be improved in QIII/2009 especially when they are benefit from petroleum prices leading to low input cost.

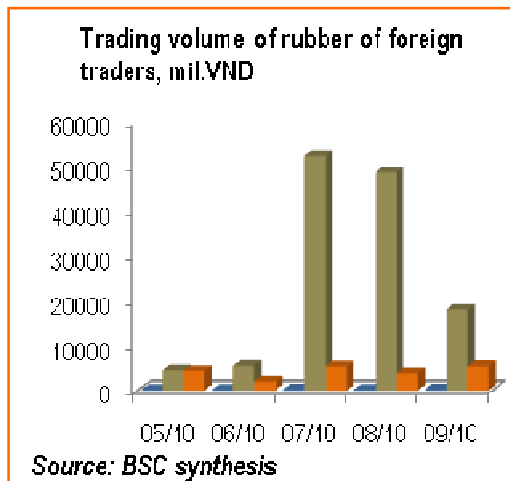


### Trading of foreign traders

In week of 5<sup>th</sup> October to 9<sup>th</sup> October foreign traders continued to be net buyers almost sectors. Of which, pharmacy & rubber was preferred with high buying volume







### Recommendation

The market moved around 585-595 pts so investors should cash ratio at this supporting point, as to our suggestion

## MARKET ZOOMED IN

### HNX

#### TOP TRADING VALUE

No	Tickers	Trading value (Mil.VND)
1	VCG	793,887
2	KLS	615,641
3	KBC	405,771
4	ACB	250,228
5	SHB	203,690

#### TOP TRADING VOLUME

No	Tickers	Trading volume (Shares)
1	KLS	1,563,970
2	VCG	1,434,950
3	KBC	924,930
4	SHB	660,430
5	ACB	582,450

#### TOP BID BY FOREIGN TRADERS

No	Tickers	Volume	Aver vol/ session (shares)
1	KBC	593,100	148,275
2	PVS	281,000	70,250
3	KLS	270,500	67,625
4	PVI	252,000	63,000
5	SHB	201,900	50,475

#### TOP OFFER BY FOREIGN TRADERS

No	Tickers	Volume	Aver vol/ session (Shares)
1	SHB	594,500	148,625
2	PVI	563,900	140,975
3	SHS	502,000	125,500
4	VFR	146,100	36,525
5	SDJ	76,500	19,125

### HOSE

#### TOP TRADING VALUE

No	Tickers	Trading value (Mil.VND)
1	SSI	792,886
2	DIG	704,225
3	GMD	628,230
4	HAG	592,839
5	SJS	566,033

#### TOP TRADING VOLUME

No	Tickers	Trading volume (Shares)
1	STB	1,701,848
2	SSI	1,011,971
3	REE	938,544
4	VFMVF1	762,185
5	VIP	760,762

#### TOP BID BY FOREIGN TRADERS

No	Tickers	Volume	Aver vol/ session (shares)
1	DPM	126,834	25,367
2	VNM	111,493	22,299
3	FPT	87,262	17,452
4	PVD	57,274	11,455
5	STB	43,941	8,788

#### TOP OFFER BY FOREIGN TRADERS

No	Tickers	Volume	Aver vol/ session (Shares)
1	CII	166,561	33,312
2	VNM	102,332	20,466
3	VCB	98,401	19,680
4	VSH	73,100	14,620
5	FPT	69,861	13,972

Source: HOSE and HNX and BSC's synthetics

## **BIDV SECURITIES COMPANY (BSC)**

### **BSC Head Office**

10<sup>th</sup> Floor – Vincom Tower  
191 Ba Trieu Str – Hanoi  
Tel: 84 4 22200668  
Fax: 84 4 22200669  
[www.bsc.com.vn](http://www.bsc.com.vn)

### **BSC Ho Chi Minh Branch**

9<sup>th</sup> Floor – 146 Nguyen Cong Tru Str  
District 1, Ho Chi Minh City  
Tel: 84 8 3 8128885  
Fax: 84 8 3 8128510

### **BSC Nam Ky Khoi Nghia Transaction Office**

12-14 Nam Ky Khoi Nghia  
District 1, Ho Chi Minh City  
Tel: 84 8 8214803  
Fax: 84 8 8214804

### **Research Team**

**Tong Minh Tuan, Nguyen Thi Thu Trang, Bui Nguyen Khoa, Nguyen Ngoc Anh,  
Nguyen Ngoc Tuan**

### **Editor:**

**Vu Thang Binh  
Manager of the Analysis & Research Department**

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