

RESEARCH DEPARTMENT

TRADING IDEAS

MONTH

8

10 AUG 2016

In the context of market bearing with many potential risks together with our main scenario favoring downward trend, we suggest investors to continue to wait and consider of increasing proportion for stocks with good fundamentals and relatively corrected price when the index moved around 600-610 level.

Trading Ideas for August

Stock	Current Price (VND)	Recommended Purchase Range (VND)	Target Price 1 (VND)	Target Price 2 (VND)	Cut Loss (VND)
Positive news from the Banking sector					
VCB	53,000	50,000-51,000	55,000	58,500	48,000
CTG	16,900	16,000-16,300	18,300	20,000	15,000
Expecting good business results and stock price correcting slightly					
KBC	17,500	16,400-16,800	19,000	20,000	15,000
MWG	131,000	124,000-126,000	135,000	n/a	115,000
Cheap valuating and high liquidity despite declined oil prices					
PVS	19,100	16,400-16,900	20,000	22,000	15,700

VNDIRECT SECURITIES CORPORATION

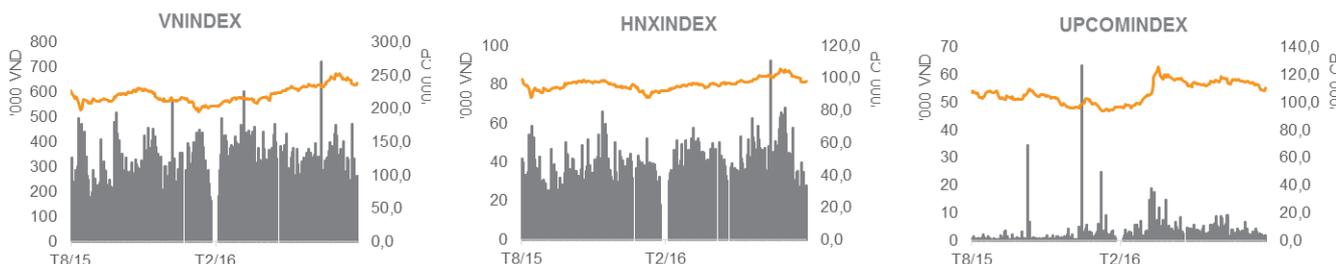
No 1 – Nguyen Thuong Hien – Ha Noi

Phone: +844 3972 4568

Email: research@vndirect.com.vn

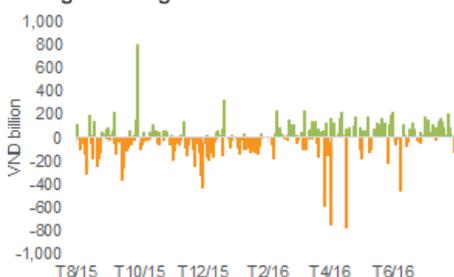
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INDICES MOVEMENT



Source: VNDIRECT

Foreign Trading



Source: VNDIRECT

Top 10 gainers

Stock	% Increase	Current Price
DTV	169.2%	14,000
DZM	105.1%	12,100
BSC	74.8%	25,700
IHK	55.2%	13,500
STG	50.8%	20,800
CIG	48.0%	3,700
SPH	44.8%	18,100
PEQ	43.4%	11,900
VNF	42.4%	83,900
RBC	40.0%	14,000

Source: VNDIRECT

Top 10 losers

Stock	% Decline	Current Price
HKB	-64.5%	11,000
TTF	-62.0%	14,000
DRH	-57.1%	33,500
SPI	-54.3%	3,200
DLR	-46.4%	6,000
VCT	-45.0%	1,100
KSH	-44.8%	1,600
TEG	-44.1%	9,000
MMC	-43.8%	900
PIS	-42.9%	9,700

Source: VNDIRECT

JULY: BREAKTHROUGH – PEAK – 640 RE-TEST

Officially surpassing 640 sentimental level on Jul 04 since a long upward trend after “Brexit” session, VNINDEX excitedly climbed up to 681.7pts (highest peak within 8 years). However, when many large caps have increased strongly, the index could not maintain the trend and suffered correction pressure in the second half of July. VNM appeared to be an exception thanks to its lifted FOL and expectation of being included in ETFs in the next coming Q3 rebalancing. Besides, many stocks which have sharply increased since the beginning of the year have experienced strong correction including PNJ, EVE, SLS, KTS, and HSG...

One of the factors impacting the market is WTI oil price which has fallen by 20% from US\$48pb to US\$40pb (as of Jul 31), then in turn affecting big Oil & Gas stocks (**GAS & PVD**). PVS moved sideways since May, however, it had a breakthrough trading session on Aug 09 and was continuously bought by foreigners.

AUG 01-10: OFFICIAL LOSING 640 LEVEL

Investors’ sentiment was affected by negative news of banks on the market. The indices suffered many strong corrections and officially lost its supporting level of 640 in the early days of August.

Notably, **VIC** and related stocks (**SDI, VEF...**) were strongly sold since the beginning of the month without any public information to explain. Therefore, we highly suggest that investors should be cautious when investing in these stocks for the next coming months.

COMMENT ON SEP ETF REVIEWING

VNM ETF

Add: no

Exclude: no

DB FTSE VN ETF

Add: VNM, HSG

Exclude: probably HHS & TTF as they violated market cap criteria

MARKET FORECAST FOR AUGUST

The market has been down which is in line with our commentary stated in our Q3 Strategic Report. We forecast the market for August with two main scenerios:

Scenario 1 (probability 65%): We think the market will continue to decrease to supporting level of 605 as predicted in our previous Strategic Report.

Scenario 2 (probability 35%): VNINDEX would decrease and cross down the Trendline A to 640. The index may move around to retest, and we think it will move sideways between the band 622-642 to the end of August.

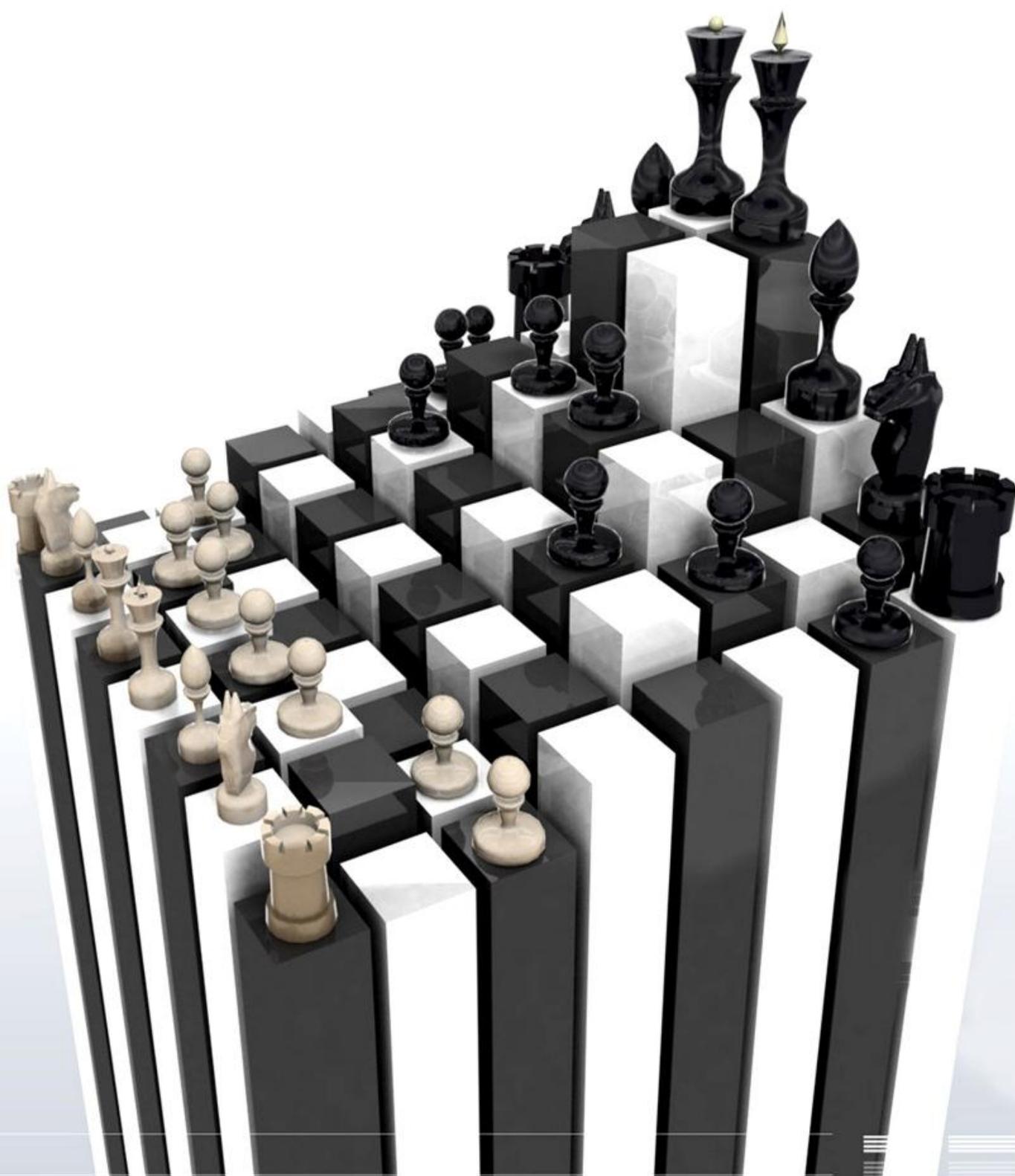


TRADING IDEAS FOR AUGUST

Despite the downward trend of the market, we notice positive signal from banking sector when most of them posted good business results for 6M2016. Besides, the news of GIC negotiating to buy 7% of VCB is strong supporting information for the stock. **We maintain the view that banking sector will be the most significant boost for the market growth recovery.** Therefore, **VCB and CTG** are our recommendation for trading ideas.

KBC, MWG are also recommended based on their own stories and at times they went against the market trend. Our last pick is **PVS** with cheap valuation and positive price movement despite of strongly falling oil price in July. (Details in pages 4-8)

TRADING IDEAS



BANK FOR FOREIGN TRADE OF VIETNAM JSC (VCB VN)

Tran Thi Khanh Hien – hien.trankhanh@vndirect.com.vn

Stock Information

Current price (VND)	53,000
52-week range (VND)	38,600-57,500
10-day trading average	343,851
EPS trailing (VND)	2
P/E trailing	21.25x
P/B trailing	2.82x

Shareholders

State Bank of Vietnam	77.1%
Mizuho Corporate Bank Ltd	15.0%

Source: VNDIRECT

HIGHLIGHT:

Government of Singapore Investment Corporation (GIC), a sovereign wealth fund, is negotiating to buy at least 7% of VCB's outstanding shares at a price which is expected to be better than the market price. If successful, this transaction will once again prove VCB's influence and prestige to the foreign investors, meanwhile other banks still struggle to implement their capital-raising plans.

Notably, the bank's 1H2016 business results were very positive thanks to significant credit growth, reduced provisions and improved net interest margin (NIM). Specifically, in the first 6M2016, credits surged by 10.4%, which was much higher compared to the 5.4% growth in 1H2015, and such boost mainly came from the retail segment. In addition, NIM remained at 2.7%, which was above that of 2.5% in 1H2015, while NPLs continued to decline from 1.85% in Q1 to 1.75% in Q2. The 1H provisions dropped noticeably by 10.2%, helping VCB's EBT and EAT soar by 35.6% and 39.2%, respectively.

2016 EBT is forecast to reach VND8-8.2trl (+17.2-20.1% YoY) and exceed its full-year target by 10%. Provision for credit losses is forecast at VND5.5trl (-8.8% YoY).

TRADING IDEAS:



Purchase price range: VND50,000-51,000

Price target 1: VND55,000 Price target 2: VND58,500

Cut loss: VND48,000

VCB breaking through MA20 has confirmed a change in its short-term trend from ascending to descending. However, we reckon that the positive information regarding strategic shareholders GIC is likely to be a major factor supporting VCB when it returns to the supporting levels. Hence, we recommend that the investors could buy VCB when VCB falls to the supporting levels of the price channel, which is equivalent to VND50,000-51,000.

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE (CTG VN)

Tran Thi Khanh Hien – hien.trankhanh@vndirect.com.vn

Stock Information

Current price (VND)	16,900
52-week range (VND)	16,000-22,000
10-day trading average	644,727
EPS trailing (VND)	1,890
P/E trailing	9.36x
P/B trailing	1.13x

Shareholders

State Bank of Vietnam	64.5%
Bank of Tokyo - Mitsubishi UFJ (BTMU)	19.7%
IFC Capitalization (Equity) Fund, LP.	5.4%

Source: VNDIRECT

HIGHLIGHT:

CTG is likely to be the first banking stock to raise its FOL, so that the strategic shareholder Bank of Tokyo - Mitsubishi UFJ could increase its ownership at this bank.

CTG has always been the stock that we highly recommend because of the drastic change in its banking model and its cheap valuation compared to other banking stocks. Moreover, the expectation about the FOL lifting also makes the investment in CTG become more attractive.

In 2H2016, CTG will sell 7mn shares of Port of Hai Phong JSC (PHP VN – UPCOM) and 9.07% stake at Sai Gon Port JSC (SGP VN – UPCOM) in order to recover debts from Vinalines. Both PHP and SGP are the affiliated companies of Vinalines. If the divestment is successful, this would be CTG’s new turning point in handling bad debts of VND2.3trl owed by Vinalines.

FY2016, CTG will have a positive growth. Specifically, for 1H2016, EBT increased by 10% YoY and completed 53% of our 2016 forecast figure. Thus, we remain our forecast that CTG will reach EBT of VND8.01trl (+9.2% YoY) and EPS of VND1,604 (+4.8% YoY).

TRADING IDEAS:



Purchase price range: VND16,000-16,300
 Price target 1: VND18,300 Price target 2: VND20,000
 Cut loss: VND15,000

CTG failed to surpass the resistance level of VND18,300 and plunged back sharply to the price channel of VND16,000-18,300. We think that the purchase price for CTG locates at the lower edge of the price channel which is equivalent to VND16,000-16,300.

KINH BAC CITY DEVELOPMENT SHARE HOLDING CORPORATION (KBC VN)

Ngo Kien Thuan – thuan.ngokien@vndirect.com.vn

Stock Information

Current price (VND)	17,500
52-week range (VND)	10,800-17,800
10-day trading average	5,560,808
EPS trailing (VND)	1,372
P/E trailing	9.84x
P/B trailing	0.68x

Shareholders

Dang Thanh Tam	15.0%
Kinh Bac Investment and Trading JSC	9.9%
MUTUAL FUND ELITE	7.0%

Source: VNDIRECT

HIGHLIGHT:

KBC signed a contract with the solar batteries manufacturer JA Solar Holdings Co. Ltd. at Quang Chau Industrial Park (IP) in the beginning of Jul 2016. Additionally, the corporation is also likely to sign another 100ha contract at this IP. Consequently, with these major contracts, Quang Chau IP is expected to attract more satellite companies and accelerate its occupancy rate in the future.

Regarding the contract with JA Solar, KBC plans to record 20% of the contract value (equivalent to VND200bn) for FY2016. Furthermore, if the 100ha contract is signed, KBC would also have a strong growth potential in the first quarters of 2017.

If more new contracts are signed, this will be a price incentive for KBC in short-term. It was noted that KBC’s historical prices had increased over long periods when information about signing large contracts with LG, JA Solar, etc was announced.

Continuous divestments from trivial projects: KBC’s intention is to continuously divest from Hoa Sen Hotel and Diplomatic Hotel in the near future. Although such divestments might not help the corporation gain substantial profits, they will generate cash to help supplement KBC’s working capital.

TRADING IDEAS:



Purchase price range: VND16,400-16,800

Price target 1: 19.0

Price target 2: 20.0

Cut loss: 15.0

KBC is nearly approaching the supporting level of VND18,000, which is also a strong resistance level. In the current market environment having many potential risks, we prioritize the conservative investment strategy until KBC is adjusted to the supporting levels of the trendline which is equivalent to VND16,400-16,800. The second possible strategy is to buy KBC when the stock reaches VND18,000 and successfully retests this level.

PETROVIETNAM TECHNOCAL SERVICES CORPORATION (PVS VN)

Nguyen Thanh Tuan – tuan.nguyenthanh@vndirect.com.vn

Stock Information

Current price (VND)	19,100
52-week range (VND)	11,700-23,400
10-day trading average	1,490,777
EPS trailing (VND)	3,236
P/E trailing	5.25x
P/B trailing	0.63x

Shareholders

Vietnam Oil and Gas Group	51.4%
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Source: VNDIRECT

HIGHLIGHTS:

Despite the decrease in 1H2016 business results due to the slumped of oil price, PVS still maintained quite positive results in 2 important segments, which were M&C (Mechanic and construction) (-8,5% yoy) and the floating storage services FSO/FPSO (+1.7% YoY) thanks to its near-monopoly position in these segments in the group.

2016-2017 revenue will be guaranteed as a result of the on-going projects carried out for PVN. Not being affected as much as PVD when the number of rental oil rigs declined, PVS still has many on-going projects until 2017, such as Nghi Son, B2, NPK/NH3 of PetroVietnam Fertilizer and Chemicals Corporation (DPM VN), GPP Ca Mau,... Therefore, the company is able to ensure the revenue coming from M&C.

Having large amount of cash is not PVS' investment highlight.

Due to the specific business operation requirement of having substantial amount of capital and continuous capital rotation, PVS always has to maintain its cash (cash/share ratio is VND15,530/share).

TRADING IDEAS:

We highly value the fact the PVS' stock price is still accumulating despite the fact that oil price reduced significantly in Jul and 1H2016 business results declined by 20%. Noticeably, foreigners have been net-buying PVS when they net bought 3mn PVS shares in Aug so far.



Purchase price range: VND16,400-16,900
 Price target 1: VND20,000 Price target 2: VND22,000
 Cut loss: VND15,700

PVS broke through the resistance level of VND18,800. For the investors who can take risks, they can buy PVS in the next trading session at the price of VND18,600-19,000 and cut loss if the stock does not trade as expected. In case PVS does not increase immediately proving that the boost breaking through VND18,800 is failed, the considerable buying range can be VND16,400-16,900. .

MOBILE WORLD INVESTMENT CORPORATION (MWG VN)

Nguyen Thanh Tuan – tuan.nguyenthanh@vndirect.com.vn

Stock Information

Current Price (VND)	131,000
52-week range (VND)	57,900-140,000
10-day trading average	130,771
EPS trailing (VND)	9,162
P/E trailing	8.46x
P/B trailing	3.70x

Shareholders

Retail World Investment Consultant Limited Liability Company	13.2%
Tri Tam Limited Liability Company	9.9%
Mekong Enterprise Fund II LTD	9.2%

Source: VNDIRECT

HIGHLIGHT:

Revenue grows thanks to the active expansion of the retail network. MWG becomes the first electronics/ home appliance retailer that has its stores opened nationwide. In 1H2016, MWG opened 305 new stores, raising the total volume to 838 (+100% YoY), thus completing 60% of the revenue target by reaching VND835bn (+83% YoY).

Bach Hoa Xanh minimarket chain: MWG’s next growth driver? MWG currently only “tests” the chain with 18 stores. According to the company’s representative, these stores’ revenues are relatively positive and it is possible that MWG will increase the total number of stores to 200 by the end of 2017.

In the upcoming time, MWG plans to raise its capital from 140mn shares to 500-600mn shares via bonus shares issuance (probably at the ratio of 1:1) or additional shares issuance. The capital increase will not only be used for financing the retail network but also for increasing the Free Float when MWG Chairman states that the Free Float has constrained the stock price in the period 2015 - beginning of 2016.

TRADING IDEAS:



Purchase price range: VND124,000-126,000
 Price target 1: VND135,000 Price target 2: n/a
 Cut loss: VND115,000

MWG’s price is moving sideways from VND124,000-135,000. With the current market having many potential risks, we highly value the safe accumulation strategy at the supporting level of VND124,000-126,000

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Nguyen Mai Phuong, CFA – Head of Research

Email: phuong.nguyenmai@vndirect.com.vn

Tran Thi Khanh Hien – Senior Analyst

Email: hien.trankhanh@vndirect.com.vn

Le Thanh Hoa – Analyst

Email: hoa.lethanh@vndirect.com.vn

Ngô Kiên Thuận – Analyst

Email: thuan.ngokien@vndirect.com.vn

Nguyen Thanh Tuan – Analyst

Email: tuan.nguyenthanh@vndirect.com.vn

Dinh Quang Hinh – Analyst

Email: hinh.dinh@vndirect.com.vn

VNDIRECT SECURITIES CORPORATION

No 1 – Nguyen Thuong Hien – Ha Noi

Phone: +844 3972 4568

Email: research@vndirect.com.vn

Website: <https://vndirect.com.vn>