

DAILY REPORT

14 October 2009

Soft loan repayment to boost dong liquidity

The repayment of loans under the government's stimulus program is expected to boost dong liquidity at banks in Vietnam between now and the end of the year and ease pressure to increase dong deposit rates, bankers said. They expected about half of the loans, valued at VND409 trillion (US\$22.9 billion), under the government's interest subsidy scheme for short- and medium-term debt would be repaid by end-December. The rest would be due by the end of 2011.

Vietnam to subsidize company borrowing to spur economic growth

Vietnam will subsidize borrowing for companies and individuals to help boost growth in the Southeast Asian economy, the central bank said. The State Bank of Vietnam will provide an interest-rate subsidy of as much as 4 percentage points on medium- and long- term loans disbursed between April 1 this year and Dec. 31, 2010, according to a statement on the bank's website Monday.

Official and unofficial dollar prices get closer

HCMC – The State Bank of Vietnam on Saturday quoted the inter-bank foreign exchange rate between the Vietnamese dong and the U.S. dollar at VND17,001, the highest ever, helping the dollar price at banks move closer to the price on the unofficial market

MARKET ANALYSIS:

VN Index had surged for two straight weeks from an area of its 10-week WMA line around 550 to mark a high at 597 yesterday. The index challenged the 200-week WMA line of 590-600 for the second time, yet to be able to breakthrough. It then eased to close at 589 with a negative Tweezers Top. In the same time, both RSI and Stochastic have been moving in bearish divergence patterns. These events indicate short-term correction possibly occur next few weeks. Should investors consider take profits after which could possibly buy back while VNI close a gap of 560-570 interval. On a longer term basis, we believe the market could certainly prevail above the 200-week WMA line given adopting sufficient consolation. **Stocks in the table did surge strongly, sending prices to move in steep overbought zones.**

Exchange rate:

	Curr.	Prev.	%chg.
	13/10/09	12/10/09	
US\$/VND*	17,853.00	17,851.00	0.011%
US\$/Yen*	86.85	87.22	-0.422%
Euro/US\$*	1.525	1.516	0.629%

(* applicable in Vietnam only)

External factor:

	Aug 09	Sep 09
Exports (YoY%)	-14.2%	-14.3%
Imports (YoY%)	-28.2%	-25.2%
Trade balance (US\$, m)	-5,121	-6,542
FDI (US\$, m)	5,428.9	5,625.2

Public factor:

	Dec 08	Mar 09
Budget balance (VND, bil)	-66,900	-14,290

Recommended stocks as of Oct 14, 2009

Stock Exchange	Stock	Support	Resistance
HOSE	DRC	130-135	170-175
	VNM	78-80	88-90
	SSI	70-72	82-84
	HPG	60-62	73-75
HNX	PVG	32-34	40-42
	CDC	52-54	65-67
	HOM	16-17	21-22
	HPC	26-28	38-40

Domestic monitor:

	Aug 09	Sep 09
Retail Sales (VND, bil)	742,699	845,416

Interest rate monitor:

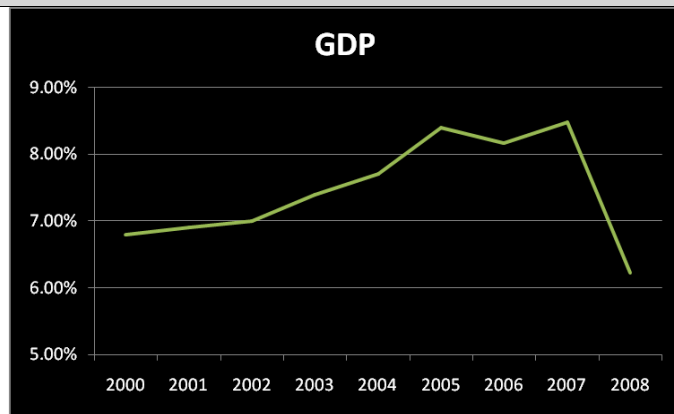
(%)	30/09/09	-1M 31/08/09	-3M 30/06/09
Interbank (O/N)	5.80	6.61	5.15
10-year bond (VN)	10% p.a	10% p.a	9.4% p.a
3-month LIBOR	0.28688	0.34750	0.59500



HNX Index also perform an outstanding movement. The index has been rising along its 10-week WMA line and finally breakthrough the Head & Shoulders Bottom' neckline of 190. Having prevailed above the neckline is in fact bullish signal to medium-term prospect as the Head & Shoulders Bottom will drive the index to an ultimate target around 330-350. However, since HNX rose above the resistance line just a few points. Investors should allow some time of confirmation if the index could withhold firmly. In case of it fails to withstand above the 190-neckline, the market possibly ease to 10-week WMA line at 175-180 one more time of which investors can make additional investment.



FIGURE 1: GDP Growth



Source: GSO, Bloomberg

FIGURE 2: Inflation History

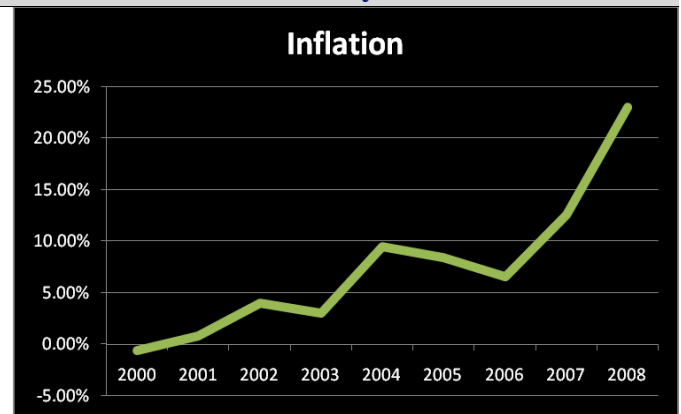
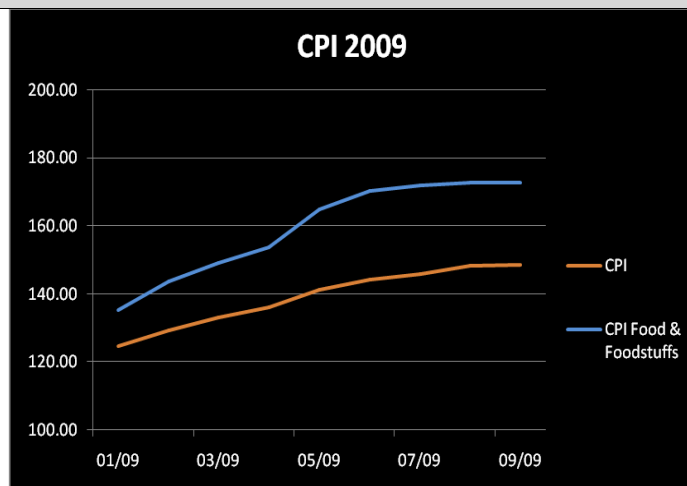
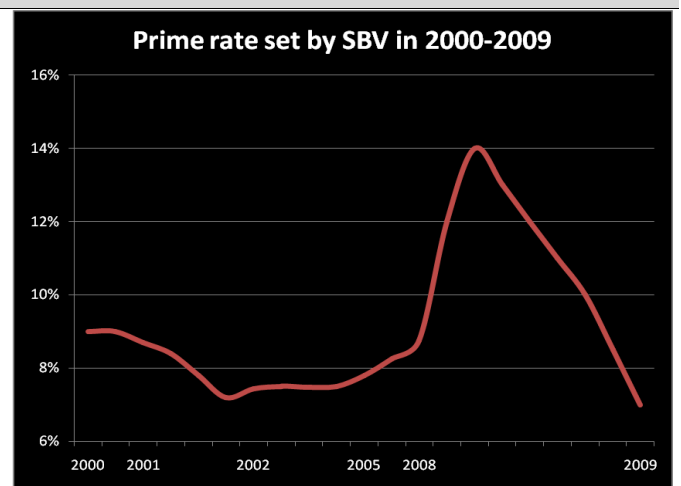


FIGURE 3: CPI Chart



Source: GSO

FIGURE 4: Prime rate



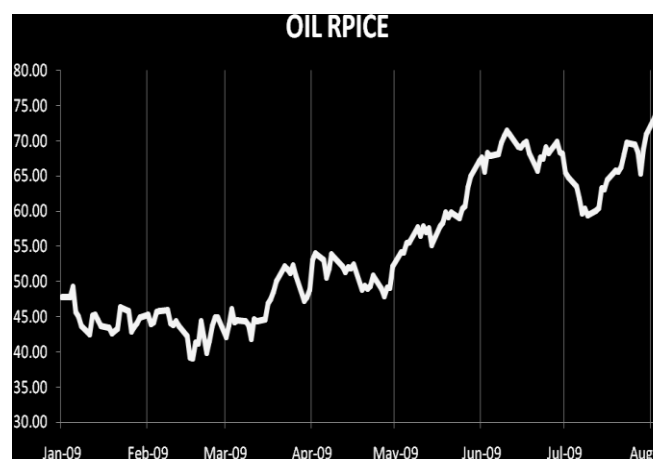
Source: SBV

FIGURE 5: CPI by group

	Aug-09	Sep-09	Sep-09	
			%MoM	%YoY
Food & foodstuffs	175.87	175.95	0.05%	1.79%
Beverage & Cigarette	137.03	138.06	0.75%	8.3%
Clothing	133.41	134.30	0.67%	7.29%
House Materials	149.78	151.09	0.87%	0.71%
House Appliances	132.43	132.92	0.37%	6.31%
Medical Products	126.69	126.93	0.19%	3.79%
Transport & Communication	128.09	131.12	2.37%	-6.18%
Telecom	74.35	74.33	-0.03%	-11.1%
Education	116.24	121.28	4.34%	6.18%
Entertainment	118.85	119.15	0.25%	3.34%
Miscellaneous	145.25	145.95	0.48%	11.22%
Total	151.13	152.07	0.62%	2.42%

Source: GSO & Bloomberg

FIGURE 6: World Gold & Oil Chart



Source: www.kitco.com, Bloomberg

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