

DAILY REPORT

6 November 2009

Vietnam still on US radar for business

American investors' interest in Vietnam remains high despite the economic crisis. United States ambassador to Vietnam Michael Michalak said the global economic downturn had had a negative impact on foreign direct investment (FDI) all over the world. However, US investment in Vietnam would stay strong. "I can say that the interest on the part of American companies in Vietnam remains very, very high," said Michalak, who said the US had been ranked as the number one foreign direct investor in Vietnam in the first months of 2009. According to a newly-released Ministry of Planning and Investment report, the US was ranked as the largest foreign investor in Vietnam in the first eight months of this year, with a total registered capital of \$3.95 billion for 21 new projects and 10 existing ones that had raised their investment capital.

Over US\$2 mil. pledged for agriculture in five years

Foreign donors have pledged to provide official development assistance (ODA) capital of US\$2.25 billion for Vietnam's agriculture sector during the 2010-2015 period. The capital, which is three times higher than that in the current five-year period, will be disbursed for rural development, poverty alleviation, food security and food safety projects.

Vietnam trade gap may endanger growth, Moody's Economy.com says

Vietnam's trade deficit will probably need to narrow to ensure the Southeast Asian nation's economic recovery is sustainable, Moody's Economy.com said. The country's trade gap widened to US\$1.9 billion last month. Since posting a first-quarter trade surplus, Vietnam has recorded deficits exceeding \$1 billion for seven straight months, peaking with October's figure, Moody's Economy.com said in a note Tuesday. The shortfall is hurting confidence in Vietnam's economy, with Australia & New Zealand Banking Group Ltd. saying last week that interest rates will rise and the currency will depreciate. The dong weakened to as much as 18,650 per dollar Tuesday, according to a telephone directory information service run by state-owned Vietnam Posts & Telecommunications, compared with an official rate of about 17,860.

Exchange rate:

	Curr.	Prev.	%chg.
	05/11/2009	04/11/2009	
US\$/VND*	17,864.00	17,865.00	-0.006%
US\$/Yen*	86.39	86.03	0.420%
Euro/US\$*	1.557	1.540	1.079%

(* 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 Nov 6, 2009

Stock Exchange	Stock	Support	Resistance
HOSE	PTC	11-12	21-23
	KBC	55-60	100-105
	FPT	70-75	87-92
	UIC	24-26	31-33
HNX	PAN	32-34	43-45
	SDA	34-36	46-48
	VFR	15-16	18-19
	HNM	14-14.5	16.5-17

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

MARKET ANALYSIS:

HOSE rebounds today as our expectation yesterday. In short term, the rebound may continue in next sessions, but the index is unlikely to either break the 580 level, where there are many gaps, or mark a new height. However, with the sell signal from RSI and Stochastic, the market becomes dangerous. The index will possibly drop to 520-530 level and may even drop to 480-500 where the 200-day WMA line locates.



HASTC surges today after eight consecutive retreat to close at 190. However, the reversal is unlikely to last long and to break the Dead Cross at 200 since the weekly RIS & Stochastic indicate the sell signal, same as HOSE. The index may eventually drop to 150-160 where the 75-week WMA locates.



FIGURE 1: GDP Growth

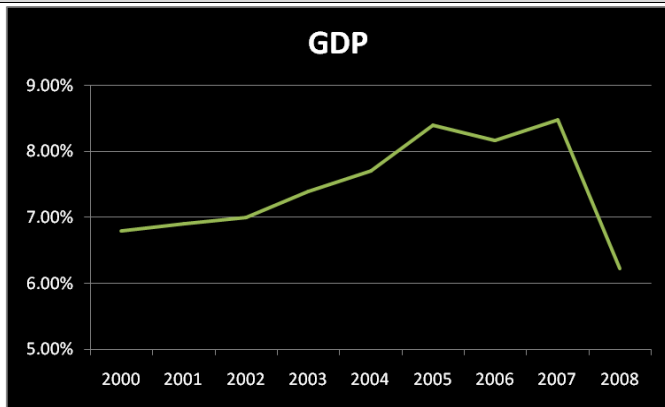
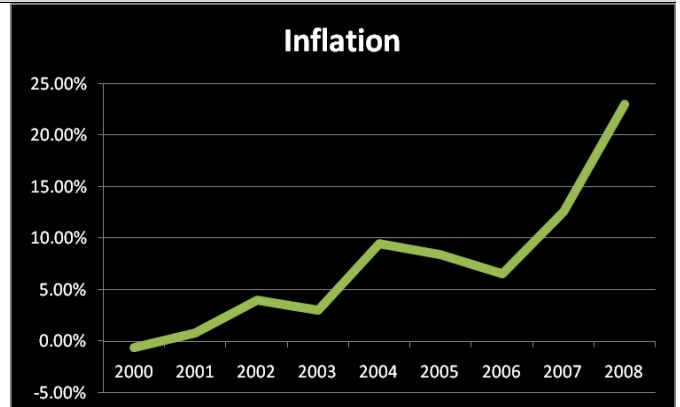
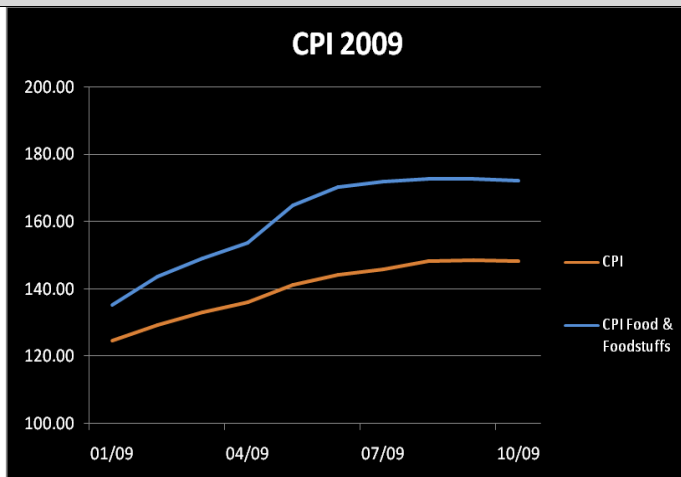


FIGURE 2: Inflation History



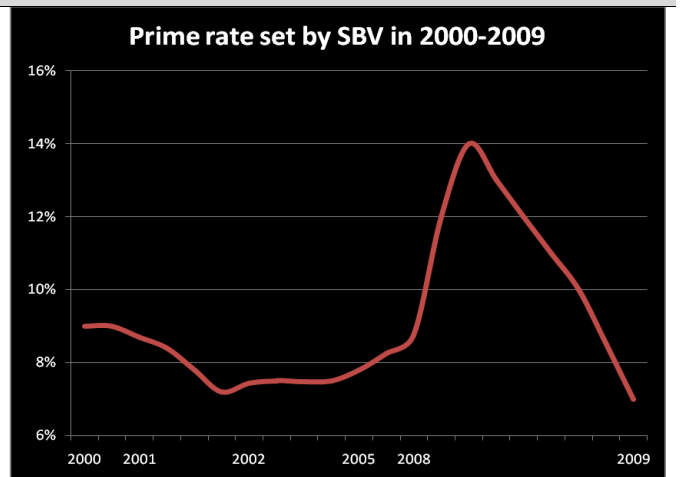
Source: GSO, Bloomberg

FIGURE 3: CPI Chart



Source: GSO

FIGURE 4: Prime rate



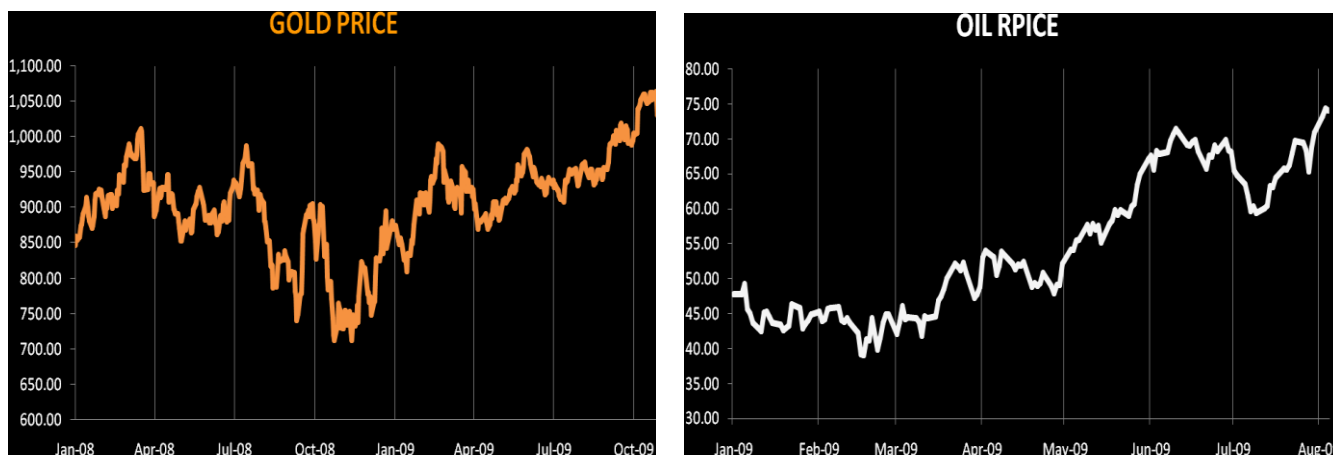
Source: SBV

FIGURE 5: CPI by group

	Sep-09	Oct-09	Oct-09 %MoM	Oct-09 %YoY
Food & foodstuffs	175.95	176.52	0.32	2.54
Beverage & Cigarette	138.06	138.25	0.14	7.74
Clothing	134.30	134.67	0.28	6.84
House Materials	151.09	151.92	0.55	2.37
House Appliances	132.92	133.21	0.22	5.77
Medical Products	126.93	127.14	0.17	3.37
Transport & Communication	131.12	132.13	0.77	-4.56
Telecom	74.33	74.33	0.00	-10.94
Education	121.28	122.16	0.73	6.21
Entertainment	119.15	119.17	0.02	2.96
Miscellaneous	145.95	146.65	0.48	10.80
Total	152.07	152.63	0.37	2.99

Source: GSO & Bloomberg

FIGURE 6: World Gold & Oil Chart



Source: www.kitco.com, Bloomberg

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