

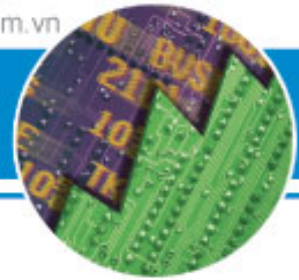
# BVF MARKET REPORT

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No.3 - 2009



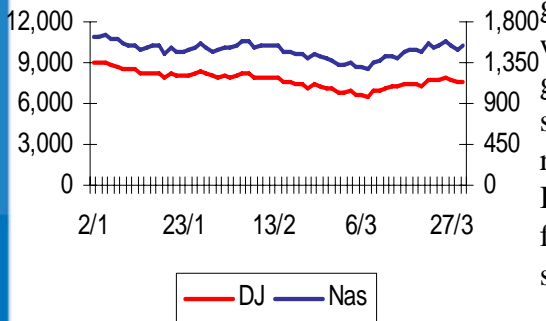
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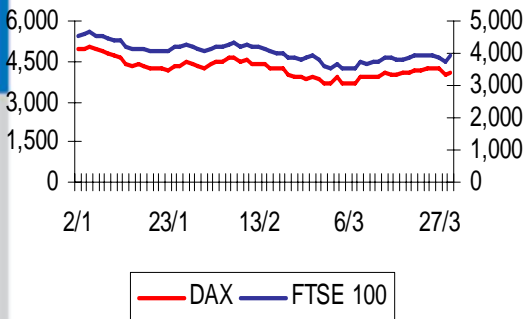
## World economy in March and Q1, 2009

### US stock market



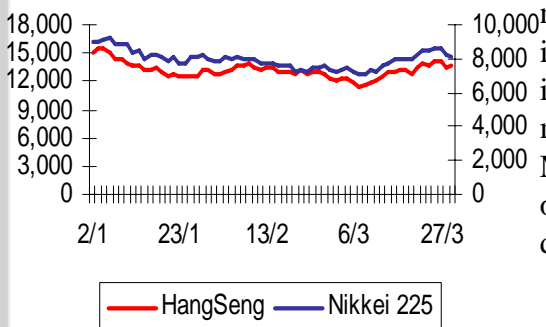
As predicted, it is Q1-2009 that many Governments opted to launch \$US thousand billions-worth economic stimulus and market rescue programs. Initialized by the US\$ 750 billion bailout to liquidate bad assets by end of 2008, the US government continued to unveil a demand stimulus package which aims at pumping a huge additional amount of greenbacks into the economy. Most recently, at the G-20 summit to discuss about the restructure of global financial regime, leaders of this group have compromised to support the IMF within the 750-billion program so as this international financial organization can go head with its nature function of supporting countries in financial dilemma.

### European Stock market



Fuelled by recent good news of world economy in March, global and many regional stock markets saw a remarkable increase and made a quick recovery against the previous month. Investors' confidence is much improved as the cyclic global recession is said to come to ending phase by experts, based on the positive developments of economic health-indicators. In particular, business result of the US banking system for the first two months was announced beyond original expectation with profits recorded, property market is warming up with 4.5% increase in revenue of housing trading while significant recovery is seen in consumption and consumer price index.

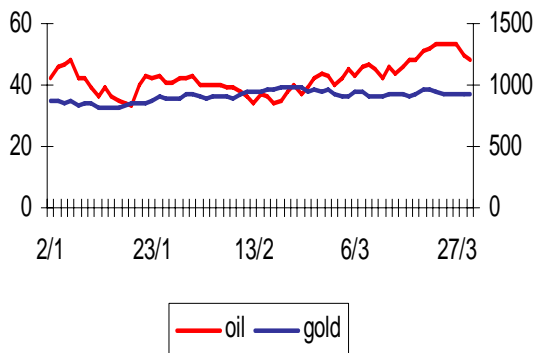
### Asian Stock market



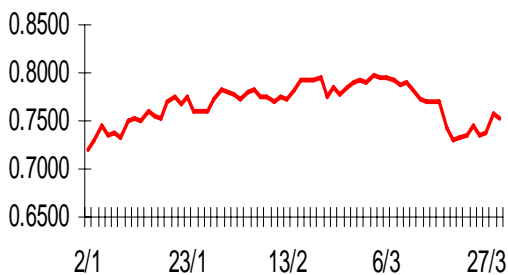
According to EPFR's report on fund flows since January, it is noted an increasing capital inflow into stock investment funds in Asia countries, emerging economies worldwide (net capital inflows into Asian market has amounted to US\$ 1 billion in 1 month while the Asian stock market saw an increase of 27% in March). In general, an investment strategy of risks acceptance on financial market has returned, given the brighter development macro economic condition in the world.

Source: Reuters - BVF

## Oil and Gold price developments



— USD (Euro)



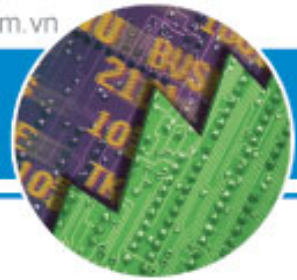
Source: Reuters – BVF

Despite positive signals of US economy and some other countries, the European economy is still deep in crisis, with the lowest confidence indicator ever recorded. In Germany, the purchase orders for machinery goods has dropped by 49% compared with same period last year while in Spain, unemployment is predicted to reach 22% by 2010. In an remedial move, the European Central Bank (ECB) has to cut basic interest of the EURO to 1.25% to hold the depreciation of their currency against US dollar as well as support the EURO countries. This is the 5th consecutive interest cut by ECB since November 2008, that reduces the basic interest of EURO from 3.25% to only 1.25%.

Oil price in March kept climbing and even reached US\$ 50 per barrel due to the strict implementation of production cut compromise among oil producing countries. As a result, oil price in March has gone up by 11% against previous month. In the meantime, gold price experienced huge fluctuation this month. After reaching the peak of US\$ 964 per ounce on March 20th, gold price was affected by a wave of selling out among accumulators to realize profits and shift to other investment channel in response to the positive information of macro economy and risk acceptance investment strategy on stock market.

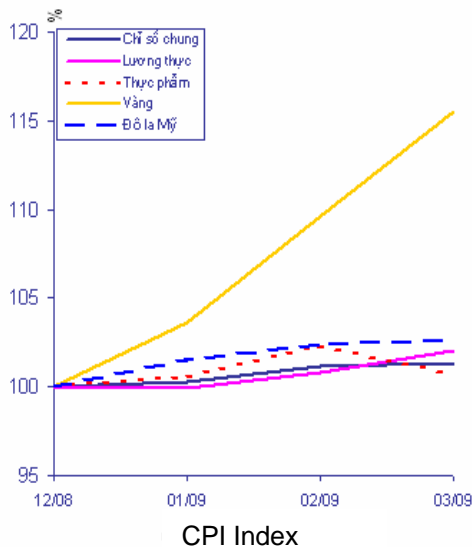
## Evaluation of global economy

A series of optimistic prediction on the soon recovery of global economy has fuelled the financial market where stock market always sparks the most sensitive response. The health of macro economic indicators in Q1 is seen as the most crucial factor affecting the investment decision of investors, as well as the circulation of fund across different markets. Gold price in April is predicted to further drop when investors now tend to accept risks seeking for other investment channel with more attractive returns.



## Macro economy of Viet Nam in March and Q1, 2009

Global GDP growth in Q1, 2009 is recorded at 3.1%, much lower than 7.4% growth of the same period last year. Meanwhile, GDP growth of Viet Nam in the first quarter of 2009 was higher than prediction of international organizations and remained positive growth while other economies were still deep in recession. The positive growth was achieved in agriculture, fishery and forestry sector (0,9%), *construction industry* (1.5%) and *service sector* (5,4%). However, such growth rate is considered as steepest over the last few years, especially, poor growth in agriculture-forestry-fishery and construction industry may undermine the Government's efforts to reach 5% GDP growth in 2009.



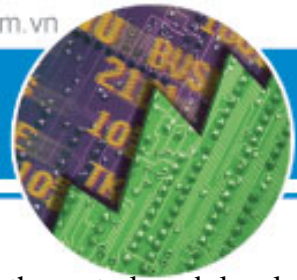
Source : GSO, BVF

After soaring in February, the Consumer Price Index of March declined by 0.17% to return to normal trend of previous years and matched with forecast of international organization that CPI of 2009 will be around 6-8%. Compared with the same period last year, the CPI of Q1, 2009 saw an increase of 14.47%.

It is Q1, 2009 that the Government of Viet nam accelerated the disbursement of US\$ 1-billion rescue package in the form of interest compensation of 4%. By April 3rd, 2009, the cumulative disbursement under this program has amounted 202,131 billion VND, which are mostly short-term credits to help resolve the capital constraints of enterprises and recover production in time to come.

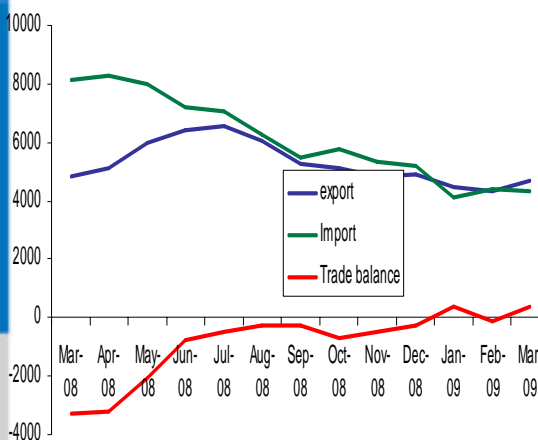
However, due to short period of implementation, the impact of this package is not fully reflected in the economy. Industrial production value of the whole country in the first quarter of 2009 reached VND 152,947 billion, an increase of 2.1% yoy, yet much lower than the growth of 16.3% in Q1, 2008.

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Industrial production value of both central and local state sectors saw the steepest decrease this month with a drop of 2,3% and 6,2% respectively, while modest growth is only recorded in non-state (5%) and foreign sector (2,9%). This is due to the fall in domestic and international consumption demand (purchase order of garment and textile products declined by 30-35%), and export restraints that pile pressures for enterprises to cut their inventories and reduce scale of production.

Import-Export and Trade balance

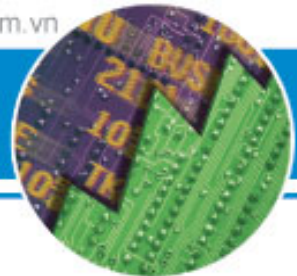


Source: GSO, BVF

Such drop is reflected in the structure of import-export activities in March and Q1, 2009. Export turnover in March amounted US\$ 4.7 billion, a drop by 2.8% yoy while import turnover reached US\$ 4.3 billion, 47% lower than the same period last year, thus resulted in a trade surplus of US\$ 400 million in March, the second month since early this year.

For the first quarter of 2009, export turnover reached US\$ 13.479 billion, an increase of 2.4% yoy which is significantly contributed by the turnover of precious stone group (US\$ 2.287 billion turnover, a 48-fold increase yoy) and reexport of gold. Revenue from exports of other commodities groups saw a 15% decrease yoy, in which crude oil fell by 48.6%, followed by electric wire and cable (- 47.3%) and rubber (43.9%). Meanwhile, import turnover reached US\$ 11.832 billion in the same period, a drop of 45% yoy. Viet Nam, therefore, successfully achieved trade surplus of US\$ 1,647 billion in Q1, 2009, a highest level compared with the figure of \$40 million in 1992, the only year that trade surplus achieved.

As a indicator for the health of economy, Foreign Direct Investment in Q1, 2009 increased by \$6 billion in terms of newly registered and supplemented fund, equivalent to 60% of Q1 2008. In the first 3 month, there were 93 projects awarded with investment license with total registered investment of US\$ 2.171 billion, equals only 28% and 30% in terms of number of projects and investment fund respectively.



However, the newly registered and supplemented FDI in March was only \$ 672 million, much lower than \$5,3 billion of the first two months, reflecting a FDI slowdown in the inflow of FDI after its soaring in February.

Q1 2009 witnessed a extreme fluctuation in gold price in domestic market in line with developments on international market. Gold price hit the record level of 2 million per teal after February hike that inspired a wave of selling out among investors to mitigate risks, realize profits and switch for other investment channel (such as stock market or US dollar accumulation). As predicted, the Central Bank decided to widen the USD trading band to +/-5%, effective from March 24, 2009. This step is seen to enhance the flexibility in exchange rate management, hence reduce the pressure on foreign currency demand of banking system to attract foreign investors to return to Viet Nam. In response to this move, the VND/USD exchange rate on free market went up and stayed around 17.900 vnd/usd, higher than the announced exchange rate of Central and commercial banks.

### **Forecast on macro economy in Q2, 2009**

Macro economic condition of Viet Nam in the next quarter is forecast to remain in difficulties given the drop in FDI and import-export indicator. Industrial production value may further reduce due to domestic demand constraints and negative consumption developments of exporting markets. In addition, the stimulus package by the Government needs from 6-9 months to realize its impact on the economy.

Gold price tends to follow the developments on international market. On the other hand, gold investors are more likely to sell out to realize profits and switch to investment in USD and stock market (*returns on saving deposit is rather low*), reflecting the fact that risk-acceptance investment strategy is now prevalent.



## Monetary market in Viet Nam in March 2009

The Central Bank of Viet Nam may continue to implement a balance and gradually relaxed monetary policy in an effort to support banking system to accelerate the disbursement of preferential credit scheme by the Government. This policy also aims at mitigating the risk of recession and foster economic growth.

According to official announcement from the Central Bank, interest level is basically kept unchanged as effective from February 1, 2009, particularly:

- Basic interest rate of VND is kept unchanged at 7.0% p.a. Ceiling lending rate in VND of credit institutions is at 10.5% p.a. However, in order to relieve the pressure for commercial banks, the Central Bank has issued instruction which allows commercial banks to apply higher rate for consumption, property loans.

- Compulsory reserve ratio in VND for non-term deposits and termed deposits under 12 months are reduced to 3% for credit agencies (excluding Agribank, Joint Stock Commercial Bank in rural areas, the Central Credit Fund and the Corporate Bank (2%)) . For the deposits with terms from 12 months or more, the reserve ratio of 1% is applied to all credit agencies. This move of the Central Bank is seen as to support the mobilizing interest in coming time.

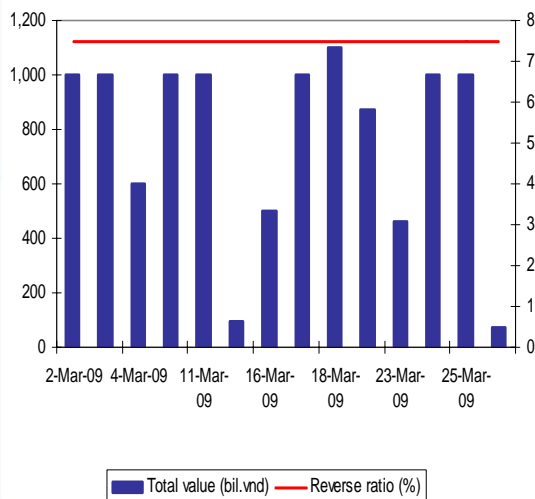
- Refinancing and re-discounting rate of the Central Bank to credit institutions are 8.0% and 6.0% p.a respectively. Overnight lending rate in electronic inter-bank payment and offset lending rate in clearing transactions between central and commercial banks is set at 8.0% p.a.

- On March 13, 2009 the Governor of Central Bank signed to promulgate the Circular No. 04/2009/TT-NHNN supplementing the beneficiaries of preferential credit program. Accordingly, the following enterprises are eligible: Rubber Financial Company, Coal and Mining Financial Company, PetroViet Nam Financial Joint Stock Company, Vinashin Financial Company and Hadinco Financial Company. Figures from the Central Bank shows that by April 3rd 2009, a cumulative credit disbursed totaled VND 202 131 billion, an increase of VND 88.423 billion against last month, equivalent

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MONEY SUPPLY VIA OMOs, 3/2009



Source: Reuters

to 78% increase. It is confirmed that the saving deposit of credit institutions at the Central bank as of March 25, 2009 is sufficient to ensure the compulsory reserve ratio and liquidity requirements.

Despite basic interest cut to 7% p.a, the mobilizing and lending rate on the market saw a slight increase against February, reflecting high demand for capital among commercial banks.

Interest for short term loan in Viet Nam Dong offered by State commercial banks to privileged customers is set at 9.5% - 10.0% p.a and lending interest is set at ceiling level of 10,0-10,5% p.a. Commercial Joint Stock Banks offered ceiling interest of 10.5% for loan. At present, many commercial banks announce credit package for consumption, property and automobile purchase at an interest rate beyond ceiling level which is from 13,0 - 14% p.a.

Per announcement by the Central Bank, the preferential credit under demand stimulus package will be implemented in 24 months. In order to disburse the whole compensation package of VND17,000 billion, the total loan amount should be from VND 300,000 - 400,000 billion. In this regard, the whole banking system are required to make an additional disbursement of VND 100,000 -200,000 billion. Such huge demand for capital in addition to the recent cut on compulsory reserve ratio are seen as positive factors to increase mobilizing interest on monetary market in time to come

#### *Analysis of market developments and interest trends*

Interest on interbank market saw a slight fluctuation in mid March then became more stable and slightly decreased. At the end of this month, reference interest for 1-week and 2-week deposit stood at 7.4% to 7.6% p.a respectively and tend to fluctuate around winning interest in open market operation (7.5% p.a). An addition yield of 0.2-0.3% p.a is granted to 1 month deposit. The prevalence of 6-12 month term transaction on the market compared with source demand and shorter term (01-03 month) is also noted. The average transaction interest for various terms last week was as bellow: Overnight: 6,5% p.a , 01 week: 7,4 – 7,5% p.a, 02 week: 7,5 – 7,6% p.a , 01

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month: 7,7 – 7,8% p.a, 03 months: 7,9% p.a, 06 month: 8,1% p.a, 09 – 12 months: 8,2 – 8,4% p.a.

By the end of this month, it is witnessed a sharp decline in the source demand for terms less than 6 months, instead, most of demand focus on extremely short term (01-02 weeks) or 6-12 month, especially from 9-12 month. According to commercial joint stock banks, such kind of the demand is to align with the terms of preferential credit program. The current mobilizing interest of commercial joint stock banks is as follows: 03-month: 7,6 – 7,8% p.a, 06 month: 7,8 – 7,9% p.a, 09-month: 7,9 – 8,1% p.a and 12-month: 8,1 – 8,3% p.a.

Statistics figure shows that prevalent transaction on open market in March was the trading of commercial bills with total value of VND 13,287 billion, which is not as much as previous month.

By the end of March, despite huge credit disbursement in commercial banking system, the actual credit growth is noted to be very moderate (estimated at 0.5% p.a). This is because many clients used preferential credit to settle outstanding debts or deposits in other commercial banks to earn profit. As a result, capital is still circulated within the banking system without pouring into production as desired. Despite the move of Central bank to relax monetary policy and efforts in implementing demand stimulus by the Government (effective from February 3, 2009), only little positive impact is seen in the economy.

### *Monetary market forecast for April 2009*

According to various source of information, the Central Bank is likely to make further cut on the basic interest in coming time. The recent downwards adjustments has so far supported to lift up interest on monetary market, especially for long-term deposit from 6-12 months, which is not the objective of the central bank and demand stimulus package. The potential step of the Central Bank reducing basic interest is seen as an intervention to calm down interest heat on the market. However, it is still doubtful about the effectiveness of such measure in adjusting mobilizing and lending interest in monetary market, given recent sharp interest cut in a short period. Meanwhile, relevant indicators of our Taylor model –based research shows that basic interest of the economy tends to remain unchanged in Q2, 2009.

At present, there is a mechanism in place that allows commercial banks apply lending interest above ceiling rate for special consumption such as house, automobile, etc, hence further cut in basic interest can hardly result in any significant impacts on consumption credit. It is seen that only business credit program of commercial banks will be affected towards lower level in case of further basic, i.e. the ceiling lending interest to be reduced to 9,75% p.a given basic interest of 6,5% and 9,0% p.a if basic interest is set at 6,0% p.a. Given high capital demand of the banking system, especially for the preferential credit program, our point of view is that interest level on monetary market is likely to remain unchanged or just slightly decline in case of any further basic interest cut

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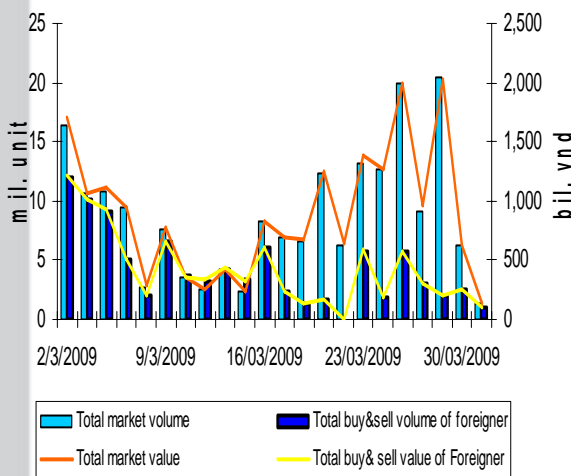
## Bond market in Viet Nam in March 2009

### Secondary market:

Gold price saw unusual fluctuation with frequent reserve developments. In the meantime, the relaxing exchange rate policy by the Central Bank and interest trend on monetary market have considerable impact on investors' decisions as well as bond interest on market..

The basic interest is announced to remain unchanged at 7% p.a by the end of March, yet bond interest tends to increase dramatically in certain periods due to current liquidity of banking system and supply-demand gap on the market. At present, the market liquidity is not as good as desired, leading to quite trading among domestic investors. Bond trading volume in March saw a significant increase against last month thanks to huge volume of repo transactions. By the end of this month, the total trading volume amounted VND 19.658,49 billion (*as much as 163,65% of last month's figure*) with 193,142 millions matched units, an average of 893,57 billion – worth and 8,78 million of bonds traded per session.

Total transaction value of market and transaction of foreign investors, 3/2009



Total trading value, including both selling and buying transactions of foreign investors is not much different from previous month, but share of this group on the market declined due to higher trading volume this month. Total transaction volume by foreign investors in March is recorded at 92,84 million units (equivalent to 0,48 times of whole market transaction volume) with 9.351,49 billion VND –worth value, which equals 0,476 times total transaction value. The value of selling transaction was 4.944,99 billion, while buying amounted 3.103,79 billion).

The insufficient demand compared with excessive supply of bonds led to low liquidity of the market while bond interest is also affected by interest level on monetary market

Source: Hasc.org.vn, BVF

### Bond interest of different terms

Term	30/01/09 (%/year)	27/0209 (%/year)	Increased/ Decreased
1 year	8,250	8,431	0,181
2 years	8,335	8,654	0,319
3 years	8,481	8,801	0,320
5 years	8,715	8,923	0,208
7 years	8,983	9,142	0,159
10 years	9,115	9,246	0,131
15 years	9,169	9,373	0,204

**Source: Reuters**

*( Reuters's Benchmark is only for reference as it does not reflect actual trading amount on the market)*

However, after a heating period with interest of short term bonds from 2-3 years to maturity at 9.2% p.a, bond interest has come back on track and staying around the level of earlier this month.

By the end of February 2009, there emerges an excessive volume of bond offered for sale, mostly short-term Treasury bonds. Reference discount interest of 1 year term State Treasury bond as of March 31, 2009 is 8.2-8.25% p.a and 8.40 –8.45% p.a for bonds with 2 years yields to maturity. There is no supply of 3-year bond despite some organization offer to buy at 8.8% p.a Discount rate for VDB's bonds is 10 points higher than Treasury bonds, for short-term bills. Reference interest for recent successful transactions of long-term state bond issued by VDB was 9.0% - 9.1% p.a.

**Primary market:**

In March, there were several bidding sessions for bond issuance by the State Treasury, Viet Nam Development Bank and Bank for Social Policy of Viet Nam but mostly unsuccessful. In particular, the ceiling interest for 2-year and 3-year bond issued on March 25 by the State Treasury ( in underwriting issue session of March 23, 2009) was 7.2% and 7.3% (20-30 points higher than end of February). The ceiling yields of VDB's bonds of 5 and 10 years to maturity is set at 7% p.a. as the current ceiling yields announced by Ministry of Finance is much lower than interest of other respective term bonds on market.

This month also saw 3 bidding session to issue bonds denominated in foreign currency of 1 year, 2 year and 3 year bond with total value of US\$ 100 million per session. As a result, US\$ 230.2 million-worth bonds were sold out. The issuance of foreign denominated currency is a new step by the Government to take advantage of inactive savings from its people and domestic organizations..

The low liquidity of State bonds has made corporate bonds less liquid, reflected in small number of successful transactions.



Most the available corporate bonds offered on the market are due in long-term. The reference yield for EVN's 8 years to maturity bond is 11.0 – 12.0% p.a and 20,0% p.a for Vinashin's bonds. BIDV and Agribank's 13 years to maturity (with commitments of discounting before 5 years) is offered at 11,5 – 12,0% p.a.

According to some source of information, some corporate bond with less than 5 years yields to maturity such as Vincom, Lilama are offered to buy at 14 – 15% p.a. BIDV and Agribank's 8 years to maturity (with commitments of discounting before 5 years) are offered at 11,0% p.a.

#### *Forecast of interest trend in April*

It is the decision of the Central bank to relax exchange rate band that inspires the wave of selling bonds among foreign investors. However, the total amount of bonds held by foreign investors is estimated at only US\$ 300 million and may further reduce in time to come. The acceleration of preferential credit program to boost domestic demand resulted in high demand for capital among banking system. Therefore, it is likely that the gap between supply and demand of bonds will persist.

Given high demand for capital within banking system, it is likely that interest level on monetary market may remain at current level or increase slightly in time to come. As the market liquidity is not much improved, there is predicted no significant fluctuation in bond interest.

At present, the only source of supply for long term bonds is from secondary market. Some bonds with 8 – 15-years to maturity are offered at discount rate of 9.0 – 9.1% p.a.

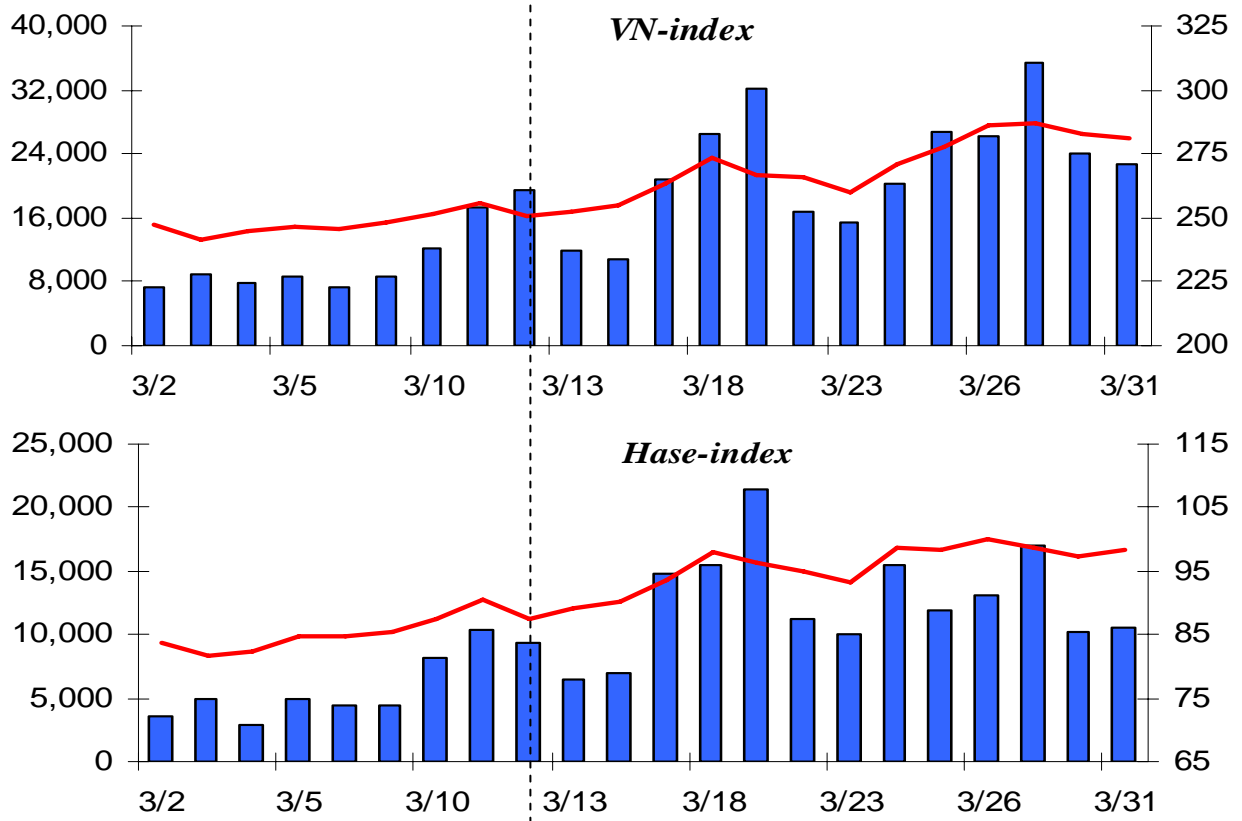
There is an increasing demand from assurance firms who offered to buy 9,1 – 9,2% p.a. It is noted several successful transactions of long-term bonds at 9,1 – 9,4% p.a. However, in general, transaction of long-term bonds is less exciting than short terms ones, hence no significant fluctuation or changes is predicted.



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## Viet Nam stock market in March 2009

Objective	Unit	HOS	Against February	HAS	Against February
Vn-Has index	points	280.67	14.21%	98.37	17.16%
Monthly transaction volume	Billion	7,943	146.07%	4,162	163.08%
Average daily transaction volume	Billion	361	123.70%	189	139.17%
No. of monthly transacted stocks	Stock	387,100,405	146.69%	220,748,697	169.44%
No. of average daily transacted stocks	Stock	17,595,473	124.26%	10,034,032	144.95%
Total capitalized market	Billion	156,159	17.45%	51,701	17.77%
Average P/E of 50 biggest capitalized stocks	Times	8.99	52.37%	8.99	52.37%
Selling/Buying difference by foreign investors	times	0.99	59.68%	0.26	-67.50%
Share of transaction by foreign investors	%	24.85%	-30.29%	9.58%	21.88%



Source: Hase, Hsx



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### 5 most appealing stocks on HOSTC to foreign investors

Stock	Buy	% of total buying
PPC	4,165,780	10.85%
DPM	2,941,420	7.66%
HPG	2,120,120	5.52%
PVF	1,749,590	4.56%
FPT	1,741,850	4.54%
Stock	Sell	% of selling
SSI	3,323,680	8.57%
DPM	2,849,840	7.35%
DRC	1,932,380	4.98%
VIP	1,647,920	4.25%
GMD	1,645,530	4.24%

### 5 most appealing stocks on HASTC to foreign investors

Stock	Buy	% of total buying
VCG	976,700	24.61%
PVI	770,800	19.42%
KLS	543,100	13.69%
VNR	330,300	8.32%
KBC	206,000	5.19%
Stock	Sell	% of selling
BCC	7,502,400	33.70%
BVS	5,373,100	24.13%
BTS	4,898,300	22.00%
PVS	1,089,900	4.90%
VCG	930,100	4.18%

### Market evaluation for March 2009

**General trend:** Stock market witnessed an increasing trend in March, with several scattered adjustment trading session due to technical or psychological consideration, but then return to upward track. By the end of this month, VNI reached 280.67 points, an increase of 14.21% against February while HAI was approaching 100, staying at 98.37 points, an increase of 17.16% compared with previous month.

**Market liquidity:** Market liquidity has much improved and kept getting better in later this month. On average, there was 18 million stock units matched with total transaction value amounted VND 400 billion (or even VND 800 billion in some trading days), an increase of 24% against February. On HOSE, market liquidity is improved with the appreciation of stock index. It is noted that more than 10 million stocks successfully transacted, equivalent to 1.5 times of previous month.

**Foreign investors:** A balance of buying-selling transaction of foreign investors in seen on HOSE, while net selling is prevailing on HASTC, with selling transaction value equivalent to 4 times of buying. The stocks offered for selling by foreign investors in largest volume included BVS, BCC, BTS on HASE and DPM, SSI on HOSE, while the most appealing stock for buying was PPC on HOSE.

**OTC market:** The heating of listed market in the last two weeks of March has positive spillover impacts on OTC market, especially the sensitive stocks of commercial banks. A average increase from 7-15% is recorded as for trading value of banking stocks, however, the supply of such stocks is gradually limited, especially during appreciating trading sessions of VNI due to investors' expectation for higher VNI and HAI in coming time. Stocks of Masan Technology and Commercial Co.,Ltd, the hot stocks on OTC market remained in upward trend after planning to pay 49% of dividends in



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### OTC market

	3/2	28/2	tăng/giảm
Eximbank	12.5	14.5	16.00%
MB	12.5	14.5	16.00%
Vietcombank	30.5	32.5	6.56%
Sabeco	22.5	23.5	4.44%
Vosco	12.5	12.5	0.00%
Vidipha	23.5	23.5	0.00%
Nha Be garment	13*	13*	
Tanimex	25*	25*	
Thiên Long	23*	23*	
Bimico	30*	30*	
Incomex			

**Reference prices from securities companies and HSBC due to low liquidity of these stocks).**

Source: [www.sanotc.com](http://www.sanotc.com)

cash (subject to approval of Shareholders meeting), and is currently traded around ~VND 100.000 per stock. However, as for the rest on OTC market, transaction seemed to get frozen with little selling order while hardly any demand to buy.

On March 27, 2009, the one-member state company Viettel Post has won in the auction of 1,52 million of stocks with average price of 10.171 per stock. This is an attractive auction session when registered volume is 40% higher than public offering volume. VietinbankSC's first IPO is scheduled on April 22, 2009 with total 19,1 million units of stock, equivalent to 21,3% registered fund at starting price of VND 10.200 per stock.

### OTC Evaluation

*Stocks of banking system is getting more liquid with exciting trading of "blue-chip" stocks on OTC market such as MB, Exim. In particular, price of MB hit the record price of VND 15.000 per unit at some trading day this month. In general, though the market is warming up, there is little improvements in trading of the other stocks on OTC. Recently, most of securities company has prepared for its OTC transaction service waiting for the recovery of stock market. At present, it is estimated that around 1,000 public companies are trading on OTC, implying a huge amount of cash not yet pumped into market. If this source of funds is utilized, the OTC market will create a driving force for corporate not yet listed to growth, hence contributing to the sustainable growth of stock market.*

### Market forecast for April 2009

It is witnessed significant increase in the terms on stock index and liquidity on stock market in march. The trading volume this month was equivalent to figure of July, August last year, when stock markets made remarkable recovery and became most liquid in 2008. High demand for blue chips stocks from domestic investors is seen as main reason for this recovery.



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In addition, the recent developments on Viet Nam stock markets is noted to go in line with stock index on US market. In April, the US will unveil the updates on the health of GM and Chrysler, 2 leading automobile firms as well as information about unemployment and forecast on economic recovery. This will definitely affect the DJ, NASDAQ index and spill the effects to VNI and HAI index of Viet Nam.

The market continues to welcome good news related to the second demand stimulus by the Government, the relaxation of US dollar trading band and further positive evaluation. Securities companies, commercial banks and corporate with stock investment portfolio is relieved thanks to the market growth in March and better liquidity of most of stocks on the market. In the meantime, they are likely to benefit from lower requirements of financial investment contingency and have opportunity to review and restructure of investment portfolio towards more effective.

According to our forecast, the market will continue to grow in April, though there may be several adjustment sessions later next month as investors may want to realize profits in the appreciation of stock price. Based on technical indicators, it is predicted that VNI and HAI will test the resistant level and experience several reverse and downward session before establishing an upwards trend in middle term.

As recent market appreciation is without supports from organizational investors, while foreign investors make a balanced selling-buying transactions, it is too soon to confirm the sustainable growth on market for the time being. However, the inflow of capital into the stock market may continue to increase, thus improving market liquidity thanks to the stability on gold and foreign currency market, positive information from US stock market and optimistic forecast on recovery of Viet Nam's economy.

In long term, based on the our recent research on cyclic trend of Vietnam's economy, we are in support of the view that the economy may recover in Q2, 2010, implying that Q3 2009 is the good time for stock investment on long-term basis.

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