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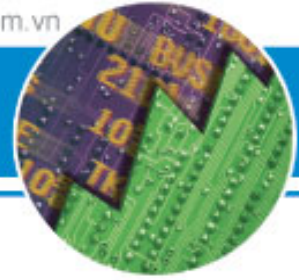
baovietfund.com.vn

No. 10-2008



Baoviet Fund Management - BVF

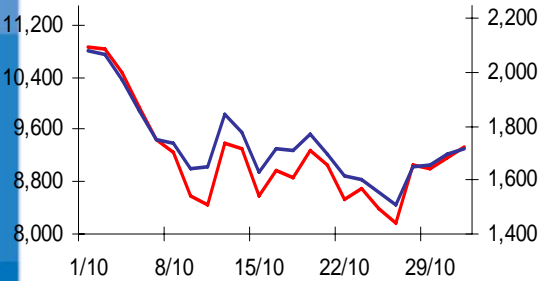
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World Economy in 10/2008

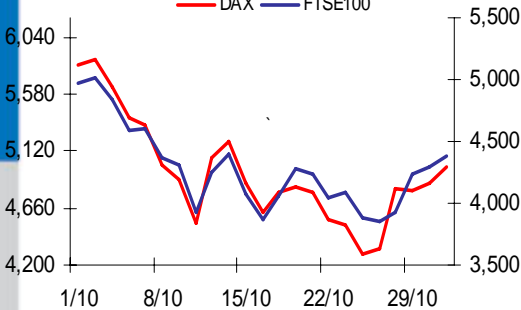
US stock market in Oct

— DWJ — NAS



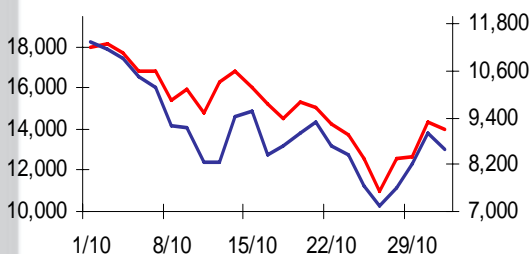
EU stock market in Oct

— DAX — FTSE100



Asia stock market in Oct

— HangSeng — Nikkei 225



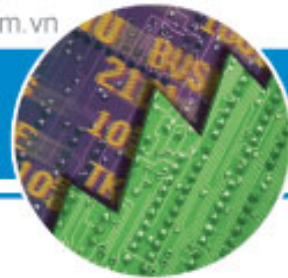
It is October when the world economy was continuously supported by different governments, starting with the FED's declaration to provide an unlimited amount of USD to financial institutions in order to recover market confidence and liquidity then a range of policies of Bank of England (BOE), Europe Central Bank (ECB) and Central Banks of Japan and Sweden, which gave permission to public auction term loans at fixed and unlimited interests and especially the plan of team rescuing banks in Euro zone, which was considered a globally cooperative and strategic move after countries' Central banks declined prime interest rate and loosened monetary policies at the same time to support financial markets (US has kept decreasing prime interest rate to 1% on Oct 29 2008). Bank liquidity has been improved while ability to access to capital sources was still restricted due to the worry about increasing bad debts. *(credits; especially through credit card and mortgage loans were tightened. CPI and market confidence in US sharply dropped).*

World economy in Oct also has seen the collapse of financial system in a number of countries. Iceland, Hungary and Ukraine were forced to call for IMF help and received considerable support *(Hungary rose interest rate from 8.5% to 11.5% in an effort to rescue its currency).*

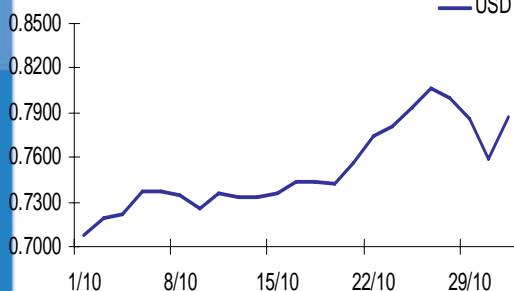
Global oil price after the consecutively increasing period that reached peak of USD147.27/barrel in June has continuously reduced. Oil price at the current time felt by 60% compared to the hike period and has fluctuated around USD60/brl (counted to Nov 11 2008). This month also witnessed the oil record plunge although on Oct 24 2008 OPEC decided to cut down on oil exploiting production to the rate of 1.5 billion barrel per day from Nov 1 *(oil price decreased by over 30% in Oct).* According to evaluation,

Source: Reuters - BVF

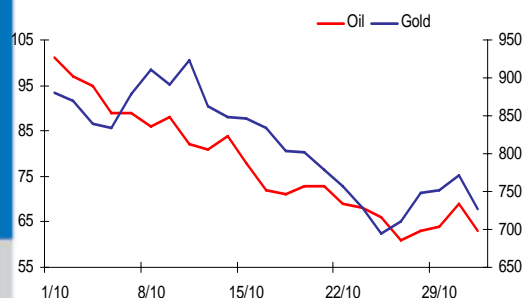
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USD developments in comparison with Euro in Oct



Oil- Gold Price Development in Oct



Source: Reuters - BVF

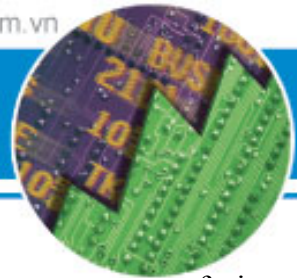
the main reasons for oil slump are defined as follows: the worry that global economic recession could lead to retreat of economic growth has posed a strong impact on fuel demand on the world market, USD strong revaluation against other currencies in the past time and unstable confidence in market and consumption psychology also contributed to the sharp oil reduction.

Gold price in the past month has kept on the downward trend compared to early Oct (oil price sunk by 18% and also experienced the strongest decreasing pace during the past 28 years) with a lower sinking pace than the oil slump (by 36% compared to the early month). Serious gold price decrease was partly because of the USD appreciation against other currencies. Besides, the other excuse is that international investment circles sold out gold in exchange of cash with the aim of loss compensation for other investment portfolio in the context of frozen international financial market. Gold and oil price would still undergo complicated movements next month depending on the economic recession rate and supporting policies of big countries.

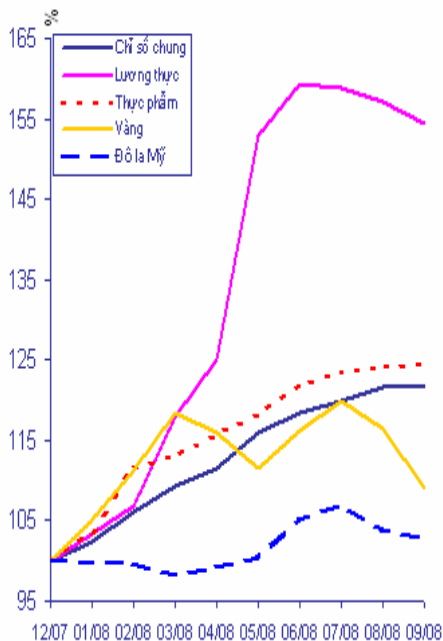
Market Evaluation

The market developments recently have been assumed to closely connect with political movements in US. That Mr Barack Obama became the 44th Presidents of US hopefully would make a turning-point to this largest economy helping the financial system overcome recession and gradually recover. The key factor affecting the world economy is the big economies' capacity of getting over crisis as well as the common consent among countries to adopt comprehensive measures to rescue the international financial market.

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Macro- economic situation in 10/2008



Consumer Price Index

Source: General Statistics Office

GDP:

Under the circumstance that global economy was facing many difficulties, business and production was slowing down due to domino effects of world and domestic economic recession, did the Government decide to lower targeted GDP to 6.7% in 2008 and 6.5% in 2009. According to the assessment of research group, however, Vietnam GDP late 2008 could stand at only 6.0-6.3%, therefore, growth rate in 2009 is expected to reach 5.2-5.5% (*the most pessimistic forecast of Fullbright representative in Vietnam just defined at 4.1%*).

Consumer Price Index (CPI)

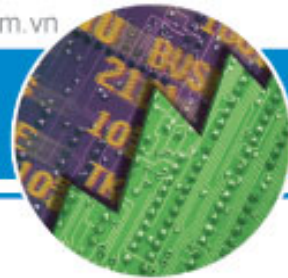
CPI in Oct was announced at -0.19%, reflecting deflation. Prices of all main commodities has decreased, i.e food and restaurant services (felt by 0.48% over Sept), housing and constructional material (by 1.08%), means of transport and communication (by 0.94%). This was the third consecutive month CPI had been on the downward trend and 3 main commodities were also in the 2-month slump compared to the last month, reflecting the effectiveness of government measures in curbing inflation. However, long-lasting price decrease could result in deflation along with economic recession as Vietnam can not separate from general movements of world economy.

Import - Export

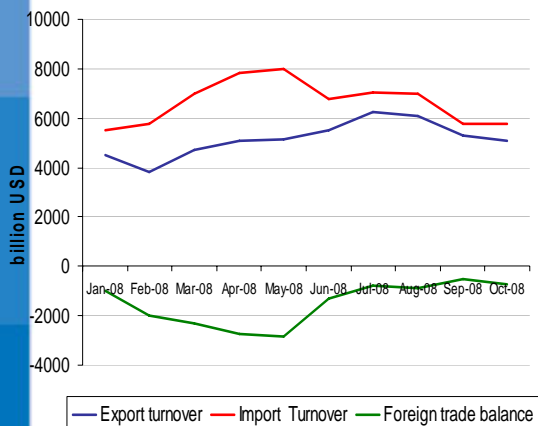
Export turnover in Oct 2008 reached USD 5.1 billion, slightly decreased (*compared to the figure of USD5.27 billion in 9/2008*). It is notable that import turnover started to rise again (*reaching USD5.8 billion in 10/2008 in comparison with USD5.51 billion in 9/2008*), resulting in the USD700 million-excess of import in 10/2008.

Gross import turnover counted till the current time has come up to over USD70 billion (rose by 42.6% over the same period) while export turnover counted from the early year was amounted to USD 53.77 billion (*maintained the increasing rate of 36.7% y-o-y*).

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Import-Export turnover over the past months of 2008



Source: Reuters – BVF

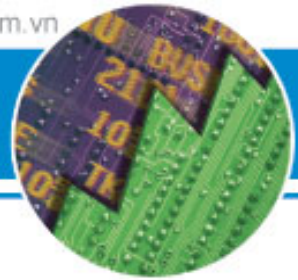
Until now, the excess of import in the first 10 months was amounted under USD17 billion, reflecting the feasibility of government plan that restricted the import excess under USD20 billion. The export turnover declination in the past 2 months was attributed to some of key products as the world export price went down seriously such as crude oil, rubber, coffee. However, it is the trend toward export declination and negative signs of market like reduction in export prices, sluggish consumption in big markets due to crisis that threatened Vietnam economy.

FDI:

In Oct, there have been more than USD2.02 billion FDI inflow poured into Vietnam with 68 recent licensed projects. Therefore, the number of newly licensed projects in the past 10 months reached 953 projects with total registered capital amounted to USD58.3 billion (rose by 6 folds y-o-y). Number of projects that increase more capital and expand manufacturing scale has kept soaring. In Oct alone there were 22 turns of project with total capital up to USD169 billion, contributing to the number of 247 projects that raise their capital with plus capital at USD1.02 billion. Counting both newly financed and plus capital in the past 10 months, we have absorbed USD59.31 billion registered capital.

Exchange rate:

USD/VND exchange rate in the past time experienced a fluctuating period. The rate on free market has jumped to 17,000 VND/USD in the last one week. The main causes are assumed as follows: first, USD continuously revaluated again other currencies like yen, won, euro...on the global market, while the VND/USD has been kept at the nearly fixed rate by Vietnam government; second, world economic crisis has partly made Vietnam payment balance lower than expectation (*lower oversea nation currency exchange, decreasing implemented FDI*), which led to the high demand in USD;



third, foreign investors tended to convert VND into USD to avoid risks in exchange rate and inflation in Vietnam as well as finding the chance to re-invest in their native countries (*investors sold out bonds worth VND 12,000 billion and VND 1,500 billion-worth fund certificate and shares*). It is assumed that a large part of this money sum was converted into USD.

Market evaluation

VN is possible to face the import increase situation in 2009 because foreign exporters would target at Vietnam market and adopt dumping or apply promotional campaigns (especially China). Export in 2009 is forecasted to get many difficulties due to global recession, reflecting the sinking consumption especially in main Vietnam export markets like US, EU, Japan. The prices of key exports tend to strongly tumble. Enterprises faced many troubles in finding and using sources of capital effectively.

FDI is expected to shed next year, disbursed funds would slow down because investors may get difficulties in mobilizing capital. Besides, foreign indirect investment (FII) and overseas nation currency exchange trend to stay the same (*even could be drawn from market*) for the threats involved in inflation and exchange rate in Vietnam.

Exchange rate later this year is likely to go up because foreign investors would withdraw part of capital and overseas nation currency exchange into Vietnam would drop. Besides, that Vietnamese who have unused capital would buy USD as a reservation way to avoid risks and equity devaluation would put much pressure on foreign reserves. It is forecasted that exchange rate would fluctuate around 17,000 -17,500 VND/USD later this year. Following the evaluation in the most recent report released by Citigroup, Vietnam foreign reserves late 2008 are amounting to USD20 billion and USD18 billion in 2009 while this figure was USD21.9 billion in the first 9 months of 2008.

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Monetary market in 10/2008

In order to minimise the bad impacts of the global financial crisis, ensuring the macro economic stability, maintaining reasonable and stable growth and proactively, in 10/2008 Central Bank issued a range of new regulations that loose monetary policies, reducing prime interest rate, therefore, helped Commercial Banks decrease the borrowing and lending rates as well as enable enterprises to access to capital sources from banks. On Oct 20 2008, Governor of Central Bank promulgated Decisions taking into effect since Oct 21 2008 including:

- Making adjustment that reduces the VND prime interest rate from 14%/year (maintained since 06/11/2008) to 13%/year. As a result, lending rate ceiling drops from 21%/year to 19.5%/year.
- Raising VND required reserve deposit rate applied for Credit Institutions from 5%/year to 10%/year.
- Declining refinancing rate from 15%/year to 14%/year; discount rate from 13%/year to 12%/year, overnight lending rate applied in inter-bank electronic payment and deficit compensation lending rate in clearing between Central Bank and commercial banks from 15%/year to 14%/year.
- Making payment for VND20,300 billion –worth- compulsory bonds before they become matured depending on the demand in withdrawing bonds before maturity of credit institutions.

Central Bank keeps adjusting basic interest rate, refinancing rate, discount rate, required reverse until 11/03/2008 (all the Decisions take into effect on 11/05/2008) as follows:

- VND prime rate is slashed from 13% per annum to 12% per annum. Maximum lending rate for customers of credit institutions drops from 19.5% to 18% per annum.
- Refinancing rate, discount rate felt from 14% and 12% per annum to 13% and 11% per annum, respectively

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overnight lending rate applied in inter-bank electronic payment and deficit compensation lending rate in clearing between Central Bank and commercial banks is slashed from 14% to 13% per annum.

- Cutting VND and foreign currency required reserve by 1% and 2%, respectively compared to the rates under the Decision 187/QD-NHNN on 01/16/2008. Under this Decision, VND required reserve of deposit having term below 12 months was 11% per annum and over 12 months was 5% per annum (excepting Vietnam bank for Agriculture and Rural Development (Agribank))

Analysis of interest rate development and trend on market

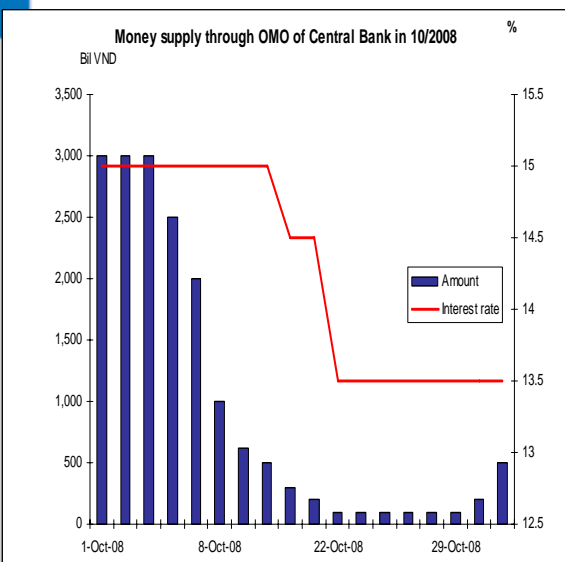
All Decisions of Central bank aimed to implement the Government's instructions on ensuring sustainable growth basing on the domestic and international political and economic situation through monetary policies.

Decision of cutting prime interest rate from 13% to 12% per annum can imply the near target of government to ensure economic growth under the circumstance of danger arising from economic recession.

The aim of Decision of making VND20,300 – worth- payment for the compulsory bonds before they become matured is to improve liquidity of commercial banks

All Decisions of slashing the re-discount interest rate, the required reserve interest rate can be seen as the moves of Central Banks to support Credit Institutions to reduce the capital mobilization cost, thence cutting the lending interest rate, relieving pressures on businesses and lenders as economy faces many difficulties

Although the basic interest rate and borrowing and lending interest rate issued by Commercial Banks are much lower than before, these rates are still extremely high to most of businesses. Hence, the recent solutions of Central Bank such as reducing the basic interest rate, raising the required reserve interest, slashing the required interest rate aimed at minimizing the capital mobilization cost of banks, thence indirectly declining lending rates.



Source: Reuters



According to the general assessment of The Central Bank, the liquidity and available funds of the system are being improved; the surplus available fund of the whole system reaches VND 40,000 billion, compared with the level of VND 30,000 – 35,000 billion in the previous time. This has placed a ground for commercial banks to continue reducing the borrowing interest rate and thus cutting down on the lending interest rates, meeting the need for capital disbursement of the enterprises.

The average interest rate on the monetary market in the last month continually went down and is predicted to continue dropping in the following time. At present, the interest rates fluctuate around 11.5% to 15% per year for the one-month term, 13.55 to 15% per year for the 03-09 month term and stay at the maximum rate of 12% for the over 12 month term. The short-term borrowing interest rates in VND of the commercial banks in October went down by 2.0% to 2.5% per year compared with the previous month. In terms of the long-term interest rates, only the state-owned banks reduced their rates by 5% to 6% per year compared with the previous month. The borrowing interest rates in VND on the inter-bank market are also on a downward trend (The average overnight transaction interest rates in the the last week of October was 12% per year, those with 01 and 02 week terms fluctuated from 13% to 14% per year, 01 month term interest rate-15% per year).

The money supply via the open market operations are still being reduced by the Central Bank. According to the statistics, the total volume supplied through open market operations in October was VND 17.017 billion, decreased by 14,183 billion compared with the previous month. The supplied terms were mainly 2 week ones. It is estimated that with the decrease in the money supply via open market operations, the capital volume that the Central Bank supply the credit agencies via the open market stays at only VND 1,500 billion, much lower than before. The average transaction volume in the sessions at the end of the month stayed at only VND 100 to 300 billion compared with VND 2,000 to 3,000 billion at the beginning of the month. Some of the last sessions even had no transaction.



There was a consecutive fall in the basic interest rates in October by the Central Bank from 14% to 12%. Because the world economy is under the threat of a financial crisis and economic depression, the government has planned to apply flexible policies according to the world situation. When the prices of some necessary commodities are decreasing sharply and there is little likelihood of high inflation in the coming time, the Central Bank may continue loosening their control on the monetary market and thus the basic interest rates may continue decreasing.

At this time, the commercial banks are having a surplus in their available funds and ensured liquidity. This helps them to continue reducing the borrowing interest rates and thus the lending ones. However, if the commercial banks execute the credit supply widely to the enterprises in the coming time, the available funds may be not abundant. Besides, in the unstable situation of the economy, if the interest rates drop so quickly, the banks may face difficulties in raising capital. Therefore, the interest rates on the monetary market may continue to go down but not considerably.

According to the assessment of some financial institutions, the basic interest rates in 2009 can drop to 8% per year. However, we estimate that with the complex development of the market especially in the foreign exchange rate, trade deficit and the world economic instability, it may go down to the rate of 10% per year.



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Bond market in October 2008

Bond interest rates with different time to maturity

Time to maturity	1/8/08 (%/year)	29/8/08 (%/year)	Increase/Decrease
1 year	15,263	16,830	1,567
2 year	15,400	16,560	- 1,160
3 year	15,185	16,290	- 1,105
5 year	14,940	15,835	- 0,895
7 year	14,563	15,310	- 0,747
10 year	14,318	14,995	- 0,677
15 year	14,268	14,985	- 0,717

Source: Bloomberg

(Benchmark of Bloomberg is used for reference only because it does not reflect the real transaction prices on the market)

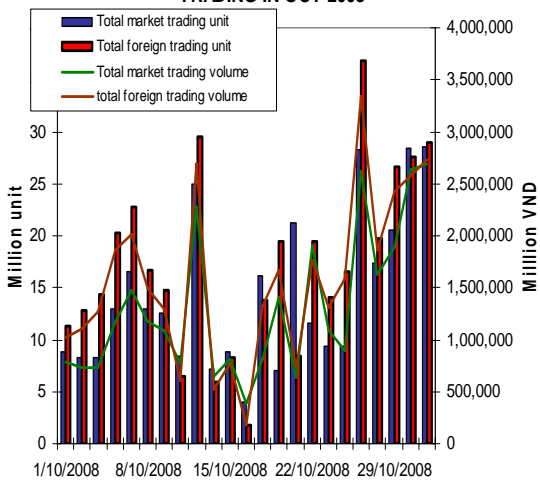
The secondary market:

The risk of an economic depression and financial crisis on the market has made the stock prices on the whole market go down continuously. Along with it, the decrease in the oil and gold price, the complex development of the foreign exchange rates have had huge effects on the foreign investors' actions on the bond market. The sharp decrease in the basic interest rates and the interest rates on the monetary market also considerably affected the Vietnamese bond market.

The total transaction volume of the whole market in October set a record of VND 30,393.063 billion with 331.44 million units matched, about VND 1,321.44 billion per session over 14.41 million bonds transacted per session. There were sharp increases in the transaction value and the average order matching volume due to the big contribution of the foreign investors. According to the statistics, in October, the foreign investors continually sold their bonds with very large net volume of VND 14,822 billion (approximately USD 900 million). The total sell and buy volume of these investors on the market in October reached 396.623 million units, accounting for 1.196 times as much as the total transaction volume with the total buy and sell value of VND 36,164.347 billion which was 1.19 times as much as the transaction value of the whole market. However, after continuous selling, the foreign investors at this time stop their offers to sell on the bond market.

There was a sharp decrease in the interest rates on the market in October due to the impacts of the supply and demand and the interest rates on the monetary market. The interest rate discounted on Oct 31st 2008 with time to maturity of 1.5 to 2 years issued by the State Treasury was referred at 13.8% per year (decreased by 250 points compared with the beginning of the month), 13.5% per year for the 2 to 3 year term and 13.2% per year for the time to maturity of 3.5 to 5 years (decreased by about 230 points compared with the beginning of the month). However, the bond supply is still very limited and there seems to be no offer to sell because the investors are still waiting for the move of the primary market after the decrease

TOTAL MARKET TRADING AND THE FOREIGN TRADING IN OCT 2008



Source: Hasc



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in the basic interest rates. The offer to sell interest rate of bonds issued by VDB is 30 to 50 point higher than others for different times to maturities.

The primary market:

Following the adjustments in September, in October, the Ministry of Finance continued to reduce the ceiling bond interest rates with different times to maturity. The ceiling bond interest rates with time to maturity of 2 and 3 years issued by the State Treasury (before the decrease in the basic interest rates) were 14.5% (28/10/2008), those with time to maturity of 5 years were 14.2% per year (23/10/2008). The ceiling bond interest rates at all times to maturity from 3 to 15 years issued by VDB were 15% per year. However after the announcement of the Central Bank to reduce the basic interest rates, there is a big likelihood that this ceiling interest rate will continue to be reduced.

In general, bond issues in the first 3 weeks of October did not attract much attention from the investors due to the fact that the ceiling interest rate is lower than the discount interest rate transacted on the market. However, when the average interest rates of bonds decreased, the recent bidding and underwriting session by the State Treasury and VDB started to attract more attention. According to the statistics of BVF, in October, the total volume of the bonds with time to maturity from 2 to 15 years successfully issued by the State Treasury and VDB via bidding and underwriting was VND 2,335 billion, rather low compared with that of last month.

According to VDB, VDB will not be allowed by the Ministry of Finance to issue long-term bonds (10 and 15 years) until the end of 2008. Therefore there are only bonds issued by the State Treasury and VDB in 2008 with time to maturity of 2 years, 3 years and 5 years.

Demands on the remained short term bonds of some large and stable enterprises like EVN and BIDV are now rather huge because the investors think that these enterprises have high credit and owning these bonds may be a good replacement for the investment in deposit in the situations of decreasing interest rates on the monetary market. However these bonds are not offered to sell on the market. The remained long-term corporate bonds (over 5 years) are being offered by many foreign investors (bonds issued by EVN, BIDV and especially Vinashin) with rather high discount rates).

Bond auction information in November

Kind of bond	Form	Date	Volume
State Treasury Bonds	Bidding	13/11; 27/11; 11/12; 25/12	300 – 1.00 0 billi on VN D/se ssio n
		Underwriting	12/11; 26/11; 10/12; 24/12



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The issuing plan in the coming time

The total volume of bonds that the State Treasury planned to issue in 2008 after its adjustments is VND 27,000 billion. With the total volume issued up to the present over VND 20,000 billion, the volume that needs to be issued in October and November is rather huge. However with the current interest rates and the supply and demand, there is a big likelihood that the Ministry of Finance will reach its targets.

Demands on long term capital for development and investment in nationally prioritized projects of VDB are now still very large, at over VND 2,000 billion. However, because at this time VDB are not allowed to issue long term bonds, it will concentrate on issuing bonds with time to maturity of 3 and 5 years by bidding via the Hanoi securities trading center and underwriting via direct negotiations.

Interest rate trend forecast

The dull happenings of the world financial market will have negative effects on the macro situation of Vietnam including the import and export, in-flow FDI in the coming time and the development of foreign exchange rates. There will be few demands on bonds of the foreign investors. At this time, they are no longer eager to sell bonds on the market. Therefore, demands on bonds on the market will be affected mainly by the domestic investors, bonds will be supplied from not only the offers to sell on the secondary market but also the volume issued on the primary market.

At present, the interest rates on the monetary market and the ceiling interest rates of state bonds with different terms which are stipulated by the Ministry of Finance are on a downward trend. Therefore, there may be a sharp fall in the interest rates of the short term bonds on the market in the coming time.

Transactions will focus on the state bonds with time to maturity under 5 years, mainly on those of 1.5 to 3.5 years. According to some domestic financial institutions, there is a big likelihood that a new average bond interest rates will soon be set in the coming time. The interest rates of the bonds with time to maturity of 2 years issued by the State Treasury will fluctuate around 13% per year, 12.8% for those of 3 years and 12.5% per year for those of 4 to 5 years. The interest rates of bonds issued by VDB with the same time to maturity will be 30 to 50 basic point higher than those issued by the State Treasury.

There are very few bonds with time to maturity of 10 to 15 years on the secondary market. At this time, VDB is not allowed to issue bonds on the primary market so the supply is very limited. However, demands on this kind of bond are not so big (mainly from the insurance companies) so according to our assessment, the bond interest rates for reference in the coming time will be around 13.5% to 14% per year.

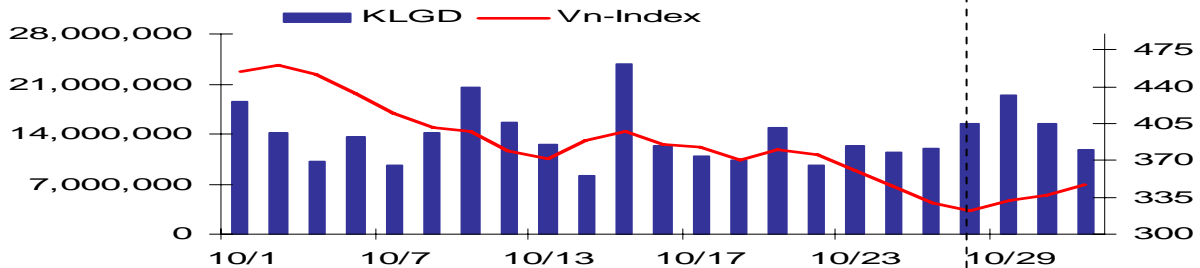


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There were many big changes in the bond market in August 2008

Norms	Unit	HOSTC	Compared with August	HASTC	Compared with August
Vn-Has index	Point	347,05	-24.01%	114,88	-22.82%
The total transaction value of the month	Billion VND	10,685	-31.75%	5,770	-35.94%
The average transaction value per day	Billion VND	464	-34.83%	250	-38.88%
The total transaction volume of the month	Billion VND	339,857,817	-17.44%	196,767,924	-14.80%
The average transaction volume per day	Stocks	14,776,426	-21.03%	8,555,127	-18.50%
Market value	Billion VND	156,114	-25.58%	48,851	-25.13%
Average P/E of 50 stocks with the highest market capitalization	Times	6,43 (-40.30%)			
Difference between the Buy and Sell volume of the foreign investors	Times	0,46	-54.90%	0,63	-30.77%
The transaction value of the foreign investors on the whole market	%	37,42%	-11.33%	8,01%	-35.92%

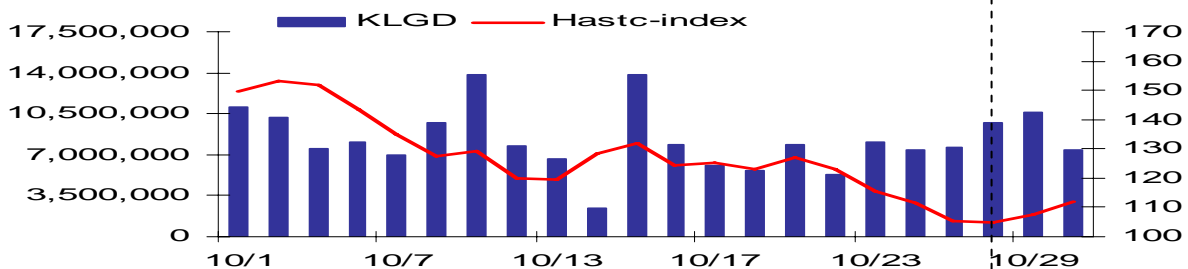
VNINDEX in Oct



The market was continually in the same downward trend as the world stock market.

Equal to the lowest level in June

Hastc-index in Oct



Source: Hasc, Hsx

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5 stocks with the largest transaction volumes on the HOSTC

Stock	The total volume	% The total transaction volume
Mua		
DPM	3,386,670	1,06%
HPG	2,223,400	0,69%
VNM	2,185,570	0,69%
PVD	2,178,670	0,68%
VSH	1,865,600	0,58%
Bán		
DPM	7,270,220	2,27%
PPC	4,269,260	1,33%
ITA	3,880,910	1,22%
HPG	3,876,380	1,21%
SAM	3,537,530	1,10%

5 stocks with the largest transaction volumes on the HASTC

stock	The total volume	% The total transaction volume
Buy		
PVI	1,317,600	0.67%
VCG	1,167,500	0.59%
PVS	1,149,300	0.58%
NTP	366,500	0.19%
BVS	157,000	0.08%
Sell		
PVI	4,070,400	2.07%
NTP	1,394,700	0.71%
PVS	788,000	0.40%
BVS	579,400	0.29%
KBC	338,000	0.17%

October stock market assessment:

In general, the stock market in October was on a downward trend: in October, the stock market continuously lost points and set the new bottom. The most obvious example was the bottom of 366 points which seemed to be a good support level but was finally broken after 2 attempts and the market once dropped to 322 points (VN Index on October 28th 2008). The average transaction volume and value of the month were VND 425 billion and 14.3 million stocks / session, just half of the previous month.

The transaction of foreign investors: These investors continued to sell their bonds and stocks in October. The net selling volume reached 37 million stocks with the value of over VND 1,400 billion, mainly from the corporate investors. The dramatic decrease in the value of the stocks owned may be the reason why these investors had to sell in large volumes to pay back their capital and change their ways of investment. Many investors are worried about the foreign investors' net selling during the previous month because their actions had always been a good reference for Vietnamese stock market. At this time, other investment channels are facing many difficulties such as the decrease in the bond interest rates, the frozen real estate market and the unstable gold and foreign exchange market. Therefore, there were no reasons for the capital withdrawal of the foreign investors from the stock market to invest in other channels. This may be resulted from the bad world situation and the foreign funds had to sell their securities (both stocks and bonds) to get cash and change into USD due to some predictions that the USD price will go up at the end of the year, the USD borrowing interest rates in Vietnamese joint stock commercial banks are higher than in many countries all over the world.

Impacts from the world market: The crisis on the US financial market had impacts on the global economy. This instability had been spread to European and Asian countries. The developments on the world stock market in October partly reflected the influences of this crisis. Vietnam's stock market suffered from the successive but combined impacts from both positive and negative information from the world market.

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Enterprises' basic analysis (*turnover, profit...*), not the situation of the US stock market's previous trading session, had huge impact on investors' decisions to buy/sell.

The US Presidential Election: The result announced in November 4th had been expected by experts with the absolute success of Democratic Party. Although we don't hope for the help of the new president in the development of Vietnam's economy, many Vietnamese enterprises, especially US-exporting ones expect that the new government is able to restrain difficulties and boost domestic consuming which increases demand for Vietnamese products such as: furniture, consuming goods,

This was the first time in the year of 2008 that CPI went under 0 (-0.19%), which was a supportive news for the stock market in October. Investors believe that the macro economy has been stabilizing and the government partly controlled inflation. This index in November is estimated to increased to under 0.5% (in Hanoi, CPI this month is expected to be high because of the increased necessary goods and food's prices in the flood). However, GDP in 2008 and 2009 are expected to be low with slow economic growth so as to control inflation. In the long run, it is necessary to restrain CPI from going too high but in short term, harsh control will affect heavily the macro economy as well as investors' trust and decision to pour money to Vietnam's stock market.

Gasoline price adjustment: In October, the government had adjusted the price of gasoline 3 times (decreased by 500 VND each, particularly there were 2 continuous adjustments in 17th and 18th). By November 8th, the price was down by 1000 VND more. Besides, there was a decision to increase the importing tax from 5% to 10%. These changes had been expected before the oil price in the world declined by half, from over 140

5 most liquidate stocks in HOSE

Stock	Volume	% total volume
STB	46,128,090	14,47%
DPM	16,144,280	5,06%
HPG	12,944,010	4,06%
SSI	12,775,570	4,01%
SAM	11,511,240	3,61%

5 most liquidate stocks in HASTC

Stock	Volume	% of total Volume
KLS	22,154,600	11.26%
ACB	20,150,800	10.24%
PVS	11,335,300	5.76%
PVI	9,349,000	4.75%
VCG	8,755,200	4.45%

Source: FPTS, HSX, BVF

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OTC market

CP- DM BVF	30/9	30/10	% increase/ decrease
Eximbank	24.5	20.5	-16.33%
MB	19.5	16.5	-15.38%
Vietcombank	42.5	34	-20.00%
Sabeco	40.5	37	-8.64%
Vosco	18.5	16.5	-10.81%
Thien Long	23.5*	23.5*	
Tanimex	34*	34*	
Nha Be Co.,	20*	20*	
Vidipha	31*	31*	
Bimico	67.5*	67.5*	
Incomex			

*Price source from stock markets and HSBC (those are low liquidate)

Source: www.sanotc.com

USD to just over 60USD per barrel. However, those were just slight adjustments, not up to people's expectation, thus couldn't affect the stock market or stop the stock market from going down.

OTC market in October was rather quiet with slight decrease in the stock price close to the point in the late June. The market's liquidation was rather low except for MB, Exim and some other stocks about to be listed such as PVF, Hoa Sen Iron, PNJ... There was very few real investors who made real transaction, most of which were round transaction to gain benefit. MB and Exim stock were very active, coming alongside with the world market's happenings.

The fact that unlisted companies don't published performance reports like listed ones is one of the reasons for the weak liquidation of OTC market. Although The State Commission of Securities and HASTC is carrying out researches to complete terms and regulations to swift OTC market to concentrating transaction in HASTC, the deadline hasn't been settled yet. The downward trend in OTC market will have negative impacts on the privatization of big state-owned companies and have indirect influence in their attracting money in the stock market in the near future.

With above mentioned analysis and estimates, we suppose that

Market estimate

Vietnam stock market will have to face many challenges in the long run. In the short term, there will be lots of changes expected and very little supportive information to boost the market; thus to hold the growth rate in November will be a hard mission. The sudden increase in the demand for SSI and STB in the last days of October and positive signs from the US market were the main reasons for the 2 Indexes to hold the growth rate in the late October. Thus, the market will depend mostly on the changes of these two stocks. VN – index will fluctuate from 350-400 points and there will be huge gap among stocks due to the different expectations of investors in the performance results of companies in the last Quarter of the year.

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