

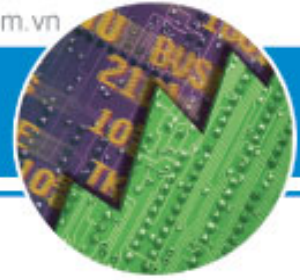
BVF MARKET REPORT

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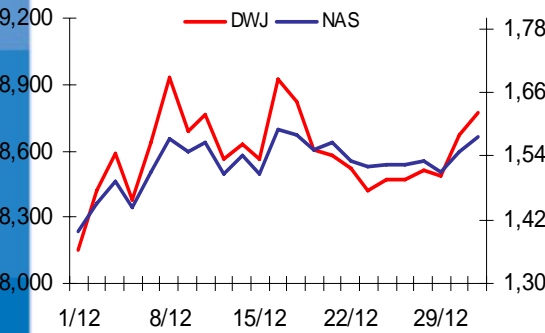
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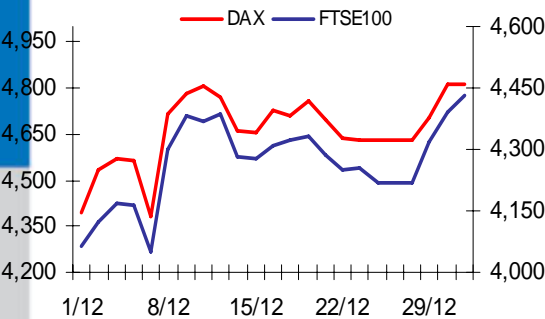
Overview of world economy in December 2008

US Stock market



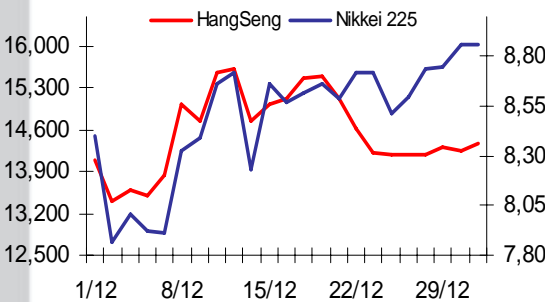
This December witnessed further drop in consumer's confidence indicator while unemployment rate hit the highest record ever. The confidence indicator of US consumers fell to 38 points, the lowest level since the issuance of such benchmark in 1967 due to serious concern over the job market (statistics showed that there were about 2 million US people unemployed in 2008, raising the employment rate of 6,7%). As a thermometer for the health of the economy, the decline in consumer confidence reflected a broad and serious recession of US economy, which spreading its adverse impact to all sectors of US society.

Europe Stock market



A series of stimulus policies launched by the US Government have yet been paid off as expected, leading to huge cut in households' expenditure over the last month. The economic recession in the US sparked its negative spillover effects to many other economies in the world, ushering foreign governments to launch spending boost package as a remedial solution to ease the global economic recession. Among other, the Government of Japan approved a stimulus package of \$980.6 billion, while Germany and Viet Nam unveiled a stimulus program valued \$35 billion and \$6 billion respectively. In the meantime, the interest cut happened more seriously than expected with basic interest rate of US cut to 0-0,25%, following by series of interest cut from 0.5 to 1.25% in other countries. This is seen as an emergency move, however, implying that the global economy can hardly finish 2008 fiscal year with good news and the crisis may persist to 2009.

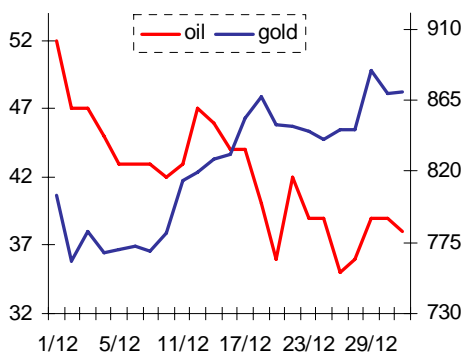
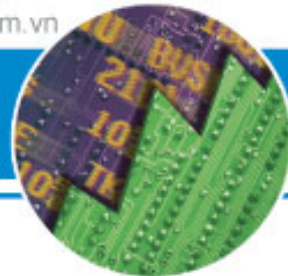
Asian Stock market



Hurt by global economic development, the stock markets of US, Europe and Asia region experienced its painful loss with sharp decline of overall stock index this month (detail in graph).

Source: Reuters - BVF

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Source: Reuters - BVF

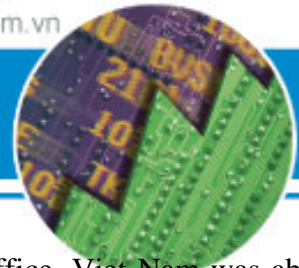
Compared with end of 2007, there has been a 50% decline in global stock index (i.e DJIA index decreased by 36%, S&P500 by 40,88%, Nasdaq by 43,1%, Nikkei 225 by 42,9%, FTSE Euro by 47%, HangSeng by 48,5% and MSCI by 55,2%), paralleling with a wave of investment withdrawal by investors to seek for safer business opportunities and more long-term earnings .

At the end of the year, crude oil price in the world hit the lowest level when slashing to only \$35 USD a barrel on December 25, 2008 (only one-fifth of June trading price of \$147). The drop of oil price happened in the context of OPEC's cut of 2.2 million barrels in their daily production since December 17, 2008 (*making a total cut of 4.2 million barrels per day over the last 4 months*) and was seen as a consequence of sunk demand due to global economic crisis. Though the political unrest in the Middle East helps to lift oil price to \$50/barrel at the moment, it is predicted that the high level of oil price may not be long term.

Despite the downward trend in gold price recently, it is witnessed counter development in price of this metal in December. Gold price keeps increasing since early November this year and hit the level of \$870 USD per ounce (*an increase of 8.75% against last month*) . Given the low-profit and insecure of other earning channels, many investors turn back to gold as a favorable means of investment.

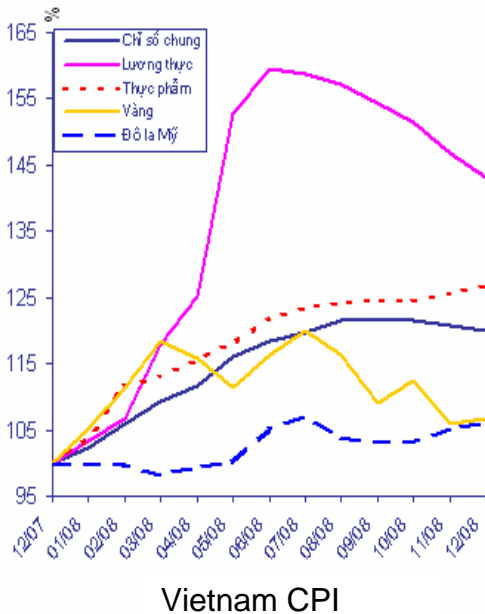
Market analysis

Recent developments of global economy strengthen the forecast for 2009 prospects with huge difficulties. Among other, unemployment due to economic slowdown may continue to worsen in many countries all over the world, underpinning global recovery in short term hardly likely. It is expected that many countries will have to tailor remedial packages to boost domestic spending and ease the recession. However, Q1 of 2009 is expected to witness a lot of dramatic fluctuation in global market.



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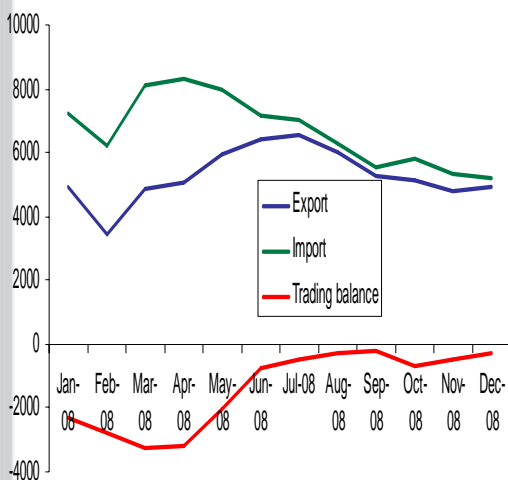
Overview of macro economy of Viet Nam in December 2008



According to General Statistics Office, Viet Nam was able to maintain GDP growth of 6.23% in 2008, better than expected, which was significantly contributed by 14.6% growth of agriculture production and 5.6% growth of aquaculture sector. Consumer Price Index (CPI) continued declining trend over the last 3 months, with further drop of 0.68%. Nevertheless, due to the soaring CPI in earlier this year, overall index has increased by 22.97% against last year and 19.89% higher than figure of December 2007. It is likely that CPI of January 2009 may slightly increase given high consumption for Lunar New Year as an usual trend witnessed.

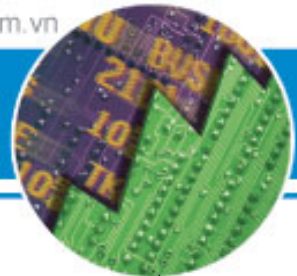
Export turnovers saw a slight growth in December and recorded at \$4.9 billion while import turnovers reached \$5.1 billion (\$0.2 billion less than that of November), thus making a trade deficit of \$0.3 billion this month. In light of the global context, the total export turnover of the whole country is estimated at \$62.9 billion, \$14.3 billion higher than figure of last year with a y-o-y increase of 29.5%, thanks to dramatic escalation in export prices of some essential commodities in the first three quarters of 2008 (i.e. 134% increase in coal price, 33.3% increase in crude oil and 88% increase in rice price, among others). These groups of export commodities are estimated to contribute \$7.75 billion in export turnover growth of 2008. Meanwhile, import turnover of the whole country is estimated to reach \$79.9 billion, exhibiting a y-o-y increase of 27.5% (equivalent to \$17.2 billion). This foreign trade picture showed a cumulative trade deficit of \$17 billion for 2008, an increase of 20.5% against last year though still under the level of \$19-20 billion as originally predicted. Though recording positive signals in foreign trade performance at the end of the year, given the broader dismal economic conditions, it is likely that the exports performance in 2009 will have to face with persistent difficulties, especially in such sectors like seafood, garment, textile and footwear, etc.

Export-import and foreign trade balance



Source: Reuters – BVF

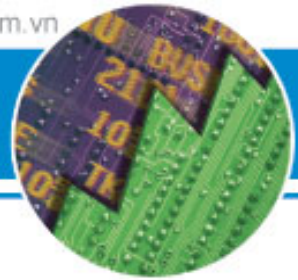
In December, investment permit was granted to 112 new projects with total registered amount of \$1.17 billion,



contributing to the cumulative investment of \$60.2 billion of 1.171 FDI projects since the beginning of this year, an increase of 222% compared with 2007. In the meantime, another 311 on-going project have submitted their proposal for increasing capital, with total additional fund of \$3.74 billion. According to statistics from Foreign Investment Department, as of December 2008, the disbursement of investment funds of FDI enterprises amounted \$11.5 billion, an increase of 43.2% against last year.

In December, the Government of Viet Nam unveiled a market stimulus package amounted \$6 billion, yet it is predicted only \$1 billion to be pumped into the economy through providing preferential loans to enterprises dealing in essential sectors and key projects within their initial phase. With such limited assistance in short term, it is more appropriate to evaluate its potential impact on different economic sectors rather the effectiveness of the package as a whole. Accordingly, key areas benefit from this package include housing and basic infrastructure, accommodation for students and workers in industrial zones. For business groups, state owned enterprises are the main beneficiaries while enterprise from other sectors are less likely to access such preferential funding.

It is also the last month of 2008 that the State Bank of Viet Nam decided to widen the difference of interbank exchange rate for further 3%, thus narrowing the gap between USD/VND exchange rate in commercial banks and free markets. Right after this information, most commercial banks decided to increase selling price of USD to the ceiling of 17.400VND/USD. This reflects the inadequate foreign currency supply despite huge amount of remittance of \$8 billion this year, an increase of \$1.3 billion against 2007. The developments on foreign currency markets seem to coincide with forecast on USD/VND exchange rate in short term by other organizations like Deutsche Bank, HSBC.



Evaluation of foreign organizations on macro economic conditions of Viet Nam

Many reports announced by end of 2008 provided evaluation and forecast on economic prospective of Viet Nam for 2009. Accordingly, Viet Nam can hardly stand outside the global recession in the coming year and may obtain GDP growth only around 4.3% (EIU), inflation rate may remain at 8,9%, as many reports stated. This is quite similar as figure announced in HSBC's report which forecasts GDP growth of Viet Nam to be 4% and inflation rate of 8.6% in 2009. Hence, the 6% growth target set by the Government can be considered big challenge for coming year, especially when the priority is not just curbing inflation but how to promote production and spending to fuel economic growth.

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Monetary market of Viet Nam in December 2008

Under the circumstance of widespread financial crisis and foreseeable recession which is likely to happen in a number of giant economies, the Central Bank of Viet Nam has adopted to implement loosen monetary policies in an effort to maintain a reasonable growth rate and avoid deflation. In a particular move, the Central bank keeps adjusting basic interest rate, while still ensures the stable operation of commercial bank via sufficient supply of capital with at appropriate costs to satisfy their need.

On December 19, 2008, the Governor of Central bank declared a number of decisions, effective from December 22, 2008 as follows:

- Basic interest rate is subject to dramatic cut from 10% to 8.5% p.a. Thus, lending rate in VND of credit institutions reduced from 15% to 12.75% p.a. This is the 5th consecutive interest cut by the Central bank.

- Refinancing rate retreated from 11% to 9.5% p.a; re-discounting rate decreased from 9% to 7.5% p.a; overnight lending rate in electronic inter-bank payment and offset lending rate in clearing transactions between central and commercial banks felt from 11% to 9.5% p.a.

- Interest rate for compulsory reserve in VND applied with credit institutions was reduced from 9% p.a to 8.5% . On August 29, 2008 , this rate was raised from 1.2% to 10% p.a yet was reduced from December 5, 2008.

- Interest rate for compulsory Central bank bill in VND felt from 13% to 4.5% p.a. Since December 10, 2008, the central bank started to make discount payment of VND 20,300 billion – worth compulsory bills to all credit institution who wished to liquidate their bills before due date. Therefore, the dramatic cut in this interest is considered as move to force commercial banks to receive money back as the reduced rate is much lower than the mobilization rate of 8-10% p.a that commercial banks applied to mobilize capital for such bills

Saving interest rate of commercial banks in 12/2008 Unit: % p.a

	No term	3 months	6 months	12 months
VND	3,0	7,74	7,55	7,95
State-owned commercial joint stock bank	1,19	2,65	3,35	4,0
USD				
VND	3,28	8,27	7,99	8,01
Joint stock commercial bank	1,42	4,64	5,85	5,06
USD				

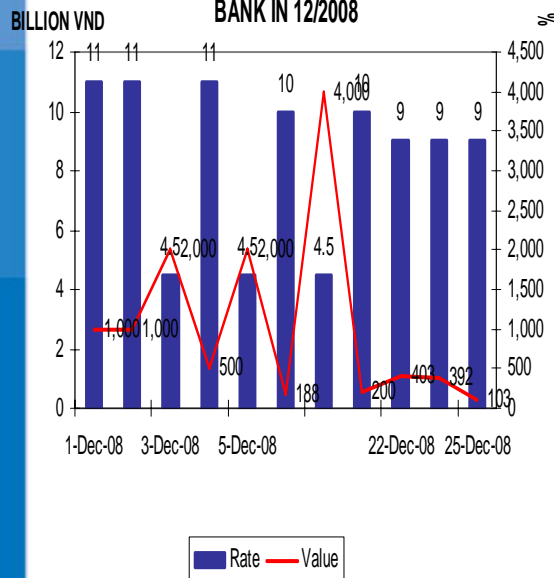
Source: SBV

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SUPPLY OF MONEY VIA OMOs OF THE CENTRAL

BANK IN 12/2008



Source: Reuters

The required reserve ratio in VND for deposits, both non-terms and term deposits under 12 months was reduced to 5% p.a. for credit agencies (excluding Agribank (2% p.a.), The Joint Stock Commercial Bank of Agriculture, The Credit Fund and The Corporation Bank (1%)). For the deposits with terms from 12 months, the rate of 1% is applied to all credit agencies.

In parallel with the declining trend of basic interest rate, the borrowing and lending interest rates on the whole banking system are also adjusted downwards. Compared with the situation at the end of November, the current average rates are much lower. The borrowing interest rate of banks in November 2008 dropped to the lower rate than the refinance interest rate of The State Bank of Vietnam (currently 9.5% p.a.). This is the reason why the transaction volume of bonds via this channel in December continues to decrease compared with the last month.

Analysis of interest rates developments on financial market:

On December 11, 2008, The Government issued the Resolution No 30/2008/NQ-CP referring to the urgent solutions to prevent economic recession, maintain economic growth and social security. All the factors that have been affecting the changes in the recent monetary policies of the State Bank of Vietnam came up from the requirements of the Government which stressed on executing a flexible monetary policy to help improving the capital for enterprises especially the small and medium ones, those manufacturing and trading in exports and those who are in troubles with their goods consumption. The Government asked the State Bank of Vietnam to continue considering the reduction of the required reserve of credit agencies and the basic interest rate to a reasonable rate.

To maintain the economic growth rate and continue to bring the average lending and borrowing interest rates to a lower rate than the basic rate which might be reduced in the coming time, The Government plans to issue a large volume of bonds in the next year. Therefore, by cutting down on the basic rate, The Government will save a part of the mobilizing cost and thus, reducing the State budget deficit.



In parallel with considerable cut in basic interest rate, the Central Bank announced to cut the discount interest as well as reduce the level of compulsory reserve, in another effort to reduce the cost of capital mobilization of credit institutions, while enhance the active fund. In longer terms, such measure aims at reducing the lending interest rate and ensure the sufficient funds for lending.

However, with a series of interest cut in a rather short period, both commercial banks and business enterprises faced difficulties in adapting to new level of interest rate, which adversely affected their business. Many enterprises seems to be hesitant in borrowing capital for their business and stayed idle, waiting for new wave of interest cut. In addition, there emerged a trend of liquidating old credit contract with high interest using external source of fund, then engaged in other credit contracts.

The interbank market also witnessed significant interest cut, approaching the short-term interest level on market 1. Accordingly, the overnight rate is 6% p.a, 1-week interest ranges from 6,3 – 6,5 p.a; 2 –week interest is 6,7%p.and 1-month interest is from 7 – 7,2% p.a. On last transaction days of this month, there was further slight drop by 0.2%-0.3% in interest level, which is expected to persist to weekend.

Short term lending interest in VND for privileged customers of state commercial bank is announced at 8.0% p.a, normal lending interest reduced to 10–10,5% p.a. As for the commercial joint stock banks, the lending interest is set around the ceiling of 12,0 – 12,75% p.a. According to statistics, the amount of transactions on open market in December reached a rather high level compared with last month, which was VND 65,786 billions, in which total value of discount and commitments of discount of bills was VND 4.786 billions, reduction of VND 1,822 billions against last month and liquidation of bills before due date was VND 61,000 billions).



In light of significant capital redundancy in banking system, the trading of bills is limited. However, the trading market for liquidation of bills is very exciting, with 61,000 billion-worth of trading value. This development was due to the lower interest of these paper compared with deposit interest. On the other hand, in consideration of reducing interest rate, many commercial banks preferred to liquidate such bills to invest in other channels with more favorable benefits.

Financial market forecast for January 2009

Per HSBC's estimate, the basic interest rate in 2009 is likely to decrease to 7%, or even 5% according to forecast of some other organizations. Despite such difference, it is commonly assessed that the basic interest rate will continue to reduce in the time to come.

It is forecasted that the Central Bank is likely to further lower the basic interest rate to 7.0 – 7.5% as soon as in mid January. This would be the core factor affecting the downwards trend of interests rate in the monetary market. The deposit interest rate benchmark is expected to continue reducing by 1 to 1.5% in comparison with the recent interest rate.

At the moment, due to the large redundancy of available capital in commercial banks and lower interest rate, Banks have begun to make disbursement to customers in need of capital and comply with Bank's requirements. However, since several Banks are in trouble with bad debts, mostly in real-asset field, such requirements towards customers become stricter. The financial crisis and economy recession in many countries of the world, including Vietnam is putting burden on Vietnamese enterprises, hence causing hesitant approach to bank credit. As a result, the Government has to an economic stimulus package worth US\$ 1 billion, or even 6 billion to ease the situation. With such developments thus far, it is predicted another wave of interest cut, in addition to the inactive redundant capital in banking system in the time to come.

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Bond market in Viet Nam in December 2008

Interest rate of bonds with different terms

Unit: % p.a

Term	1/12/08	29/12/08	Difference
1 year	10,889	9,270	- 1,619
2 year	10,614	9,323	- 1,382
3 year	10,602	9,260	- 1,342
5 year	10,586	9,280	- 1,306
7 year	10,664	9,340	- 1,32
10 year	10,607	9,350	- 1,257
15 year	10,577	9,375	- 1,202

Source: Reuters

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

Secondary trading market:

As market interests are decreasing considerably, many commercial banks and financial institutions are under pressure of making projected profit when the fiscal year is coming soon. As a result, the demand of trading stocks in order to conclude or inter-trading between companies made the total trading amount of stocks increase during December is more than that of November.

At the end of the month, total stock transaction volume broke the record of 41.070,32 billions VND with 337,78 millions trading units were matched, on average, 1.785,67 billions VND per trading session was traded. As the same as November, foreign investors still kept quiet, trading proportion was less than that of Vietnamese investors. The total trading volume (including buy and sell) during December was 92,664 millions trading units (which was equivalent to 0,27 times total trading stocks of the whole market) and total trading value (buy and sell) reached 9.604,69 billions VND (equivalent to 0,24 times total trading value of the whole market). Statistics during December reflected the amount of stock offering from foreign investment decreasing rapidly which in return made the reduction of the amount of sold stock with 862,031 billions VND (which is equal to 50 millions USD and only equal to 1 out of 10 in comparison with previous month).

The downward development of basic interest is pulling down the interest in monetary market. In the meantime, the excessive active fund in commercial banks system has motivated national investors (mainly commercial banks) to switch their interest to bond investment. In fact, the global financial crisis had considerable impact on the decisions of foreign investors to sell stocks to either secure their funding or seek for other investment channels. However, after a wave of selling huge amount of stocks among foreign investors, this group now seem to withhold due to limited amount left (\$1 billion) and their expectation of better interest cut.



Keeping on track with previous months, bond interest, affected by the current interest level and supply-demand balance on market, further dropped in December. At the end of the month (December), only a small number of organizations offered to sell bonds especially short term Treasury bond but waited for further interest cut.

Transaction in the market was considerably quiet but the discount interest as at 31/12/2008 with term of 1.5 year to 3 years from State Bank was about 8.5%- 8.6% per annum (decrease of 150- 160 points compared to beginning of the month) and 3.5 – 5 years term reached 8.4%-8.5% (decrease of 140-150 points compared to the beginning of the month), VDB's bonds has the comparably higher discount interest of 10-20 points than others for all terms.

Primary market

In another move, the Ministry of Finance continued to lower ceiling bond interest rate of all terms in December. Yields of bonds with 2, 3 and 5 years to maturity issued by the State Treasury (in bidding and underwriting sessions of 15/12/2008 and 23/12/2008) were stated at 9%, 8.89% and 9% respectively. In light of the new basic interest level of 8.5% set by the Central Bank, ceiling interest for 3 and 5 year of VDB's bonds (in bidding session as of 26/12/2008) was concluded at 8.5% for both terms.. In foreseeable future, if the Central Bank adopts further interest cut, it is more likely that the ceiling interest of all terms would be adjusted accordingly.

In general, the issuance of new bonds stocks in December seems to be of not much interest to investors due to recent plunge in ceiling interest in primary market, sometime even lower than the yields of bonds in secondary trading. As a result, the number of stocks and bonds successfully issued on primary market last month is limited due to small number of interested investor in such trading and underwriting sessions.

Bidding of bonds in 2009

Channel of issue	Mode	Amount
VDB		VND 30,000 billions (terms from 2-15 years)
State Treasury	Bidding	VND110.000 billions



According to BVF, the total amount of successfully bonds issued by State Treasury and Vietnam Development Bank was only 1.662 billions, much lower than that of previous months. Recent plunge in bond interest also led to lower of corporate bond's interest. The liquidity of corporate bond has been improved, yet remain at low level, reflected via small number of successful transactions.

At present, demand for corporate bonds focuses on short term bonds which are from 2-4 years to maturity of several big and well-performing firms such as EVN, BIDV, however, such kind of bond is rarely offered. The reference yield for 3-year bond of BIDV is about 10% p.a.

Bond interest forecast for January 2009

The fluctuation of bond interest are likely to be further affected by the above mentioned reason plus the adjustment of interest in the monetary market. According to State Treasury and Viet Nam Development Bank, the amount of bond to be issued in 2009 will be significant, in which the State Treasury plans to issue 110,000 billion worth an VDB t (intended issue will be 110,000 billions VND and VDB targets 30.000 billions VND worth bonds. Nevertheless, while such plans has not unveiled, bond trading interest is likely to reduce in short term due to excessive supply of bonds and decreasing interest on financial market. According to our observation, if the basic interest is cut to 7.5% p.a, bond yields are more likely to reduce by 80-100 points against the current level.

Currently, as VDB is not allowed to issue their bonds on primary market, the main source of supply is from secondary trading. Several long term bonds of -8-15 years terms are being traded at discount interest of 9.1 % - 9. 8 % p.a and it is said to be lower as tendency. However, the interest curve is said to be back to normal, according to our judgment, long term interest will not be as fluctuated as short term ones.

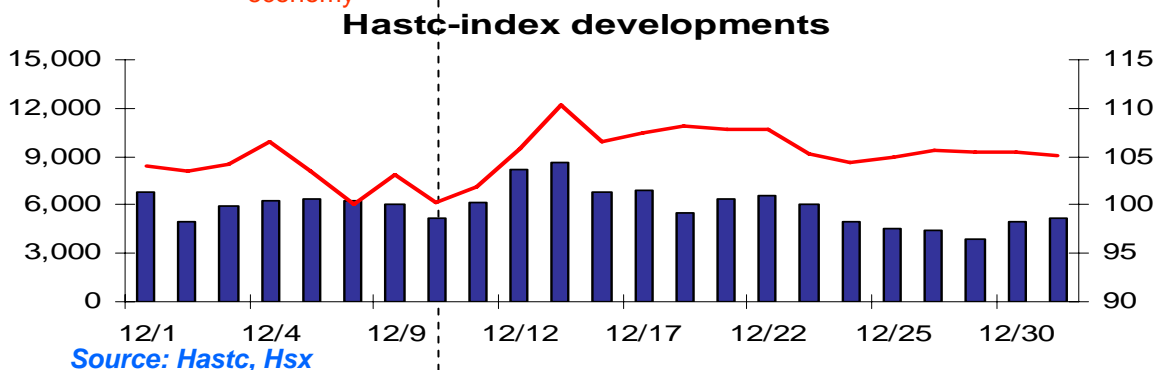
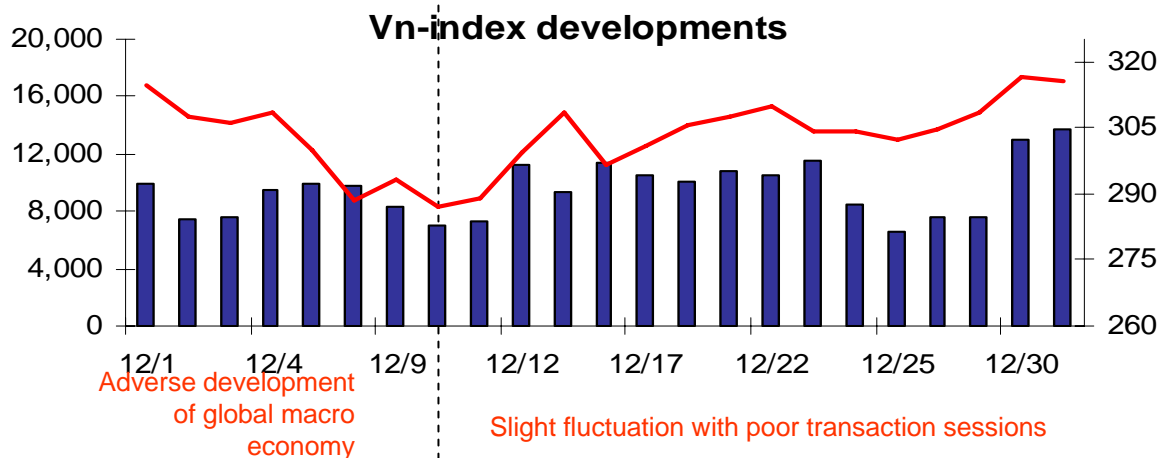
It is the fluctuation of exchange rate that inspires the wave of selling bonds among foreign investors. However, in consideration of limited amount of bonds held by foreign investors as well as recent trading volume, it is said that the exchange rate factor can hardly make any significant impact on the whole market.



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Stock market of Viet Nam in December 2008

Criteria	Unit	HOS	Compared with November	HAS	Compared with November
Vn-Has index	points	315.62	0.28%	105.12	0.88%
No. of listed companies	Company	170		168	
Monthly transaction volume	Billion	6,980	-23.08%	3,524	-25.35%
Average daily transaction volume	Billion	303	-33.11%	153	-35.08%
No. of monthly transacted stocks	Stock	260,829,012	-12.13%	146,317,700	-15.50%
No. of average daily transacted stocks	Stock	11,340,392	-23.59%	6,361,639	-26.52%
Total capitalized market	Billion	169,346	10.90%	50,428	-4.27%
Average P/E of 50 biggest capitalized stocks	Times	7.33	-6.62%	7.33	-6.62%
Selling/Buying difference by foreign investors	times	1.01	69.49%	2.02	320.83%
Share of transaction by foreign investors	%	33.30%	-0.27%	9.99%	36.66%



5 most appealing stocks to foreign investors on HOSTC

Name	Amount of trading	% total amount of trading
Buy		
PVF	3,031,930	1.32%
DPM	2,643,660	1.15%
PPC	2,130,840	0.93%
HPG	1,484,730	0.65%
VNM	1,351,450	0.59%
Sell		
DPM	2,705,740	1.18%
VIP	1,628,680	0.71%
SSI	1,524,050	0.67%
SJS	1,308,360	0.57%
SAM	1,180,330	0.52%

investors on HASTC

Name	Amount of trading	% total amount of trading
Buy		
KBC	2,983,000	2.04%
VNR	1,144,500	0.78%
VCG	707,900	0.48%
PVS	458,100	0.31%
PVI	416,900	0.28%
Sell		
BCC	1,079,100	0.74%
PVS	557,800	0.38%
VCG	384,800	0.26%
BVS	372,900	0.25%
PVI	307,500	0.21%

Market analysis for December 2008

Foreign investors' transactions

In the last 2 weeks of December, foreign investors switched to buying after 3 continuous months of selling prevalence, especially focusing on some blue chips such as PVF,SSI,VNM,DPM.... However, the trading volume was limited at approximately 10% of total market value. From our point of view, the foreign group are motivated by higher NAV at the end of the year (for different funds) as well as to make better look for their portfolio (for different organizations) for fiscal year 2008.

The impacts of financial crisis and Government's \$6 billions rescue package:

Though no more bankruptcy news from banks all over the world announced, all economic rescue package of many countries are just in initial phase, hence no breakthrough news in short term is expected. For Viet Nam, the package unveiled by the Government has lifted up the faith of investors. However, such "push" is far from being able to make any new breakthroughs. As a result, the stock market experienced slightly fluctuation of 1%- 2%, reflecting the fact that most investors now choose to reserve their fund and try to mitigate risks on the market.

Positive development of market in December.

Bright signals for the market include the large buying of blue chips by foreign investors, significant increase in HAG's stock price, and the news that PVF would buy a series of PV's code...However, the participation of foreign investors and institutional investors did not push the market, what happened in the market reflected the fact that private investors' psychology are being aware of. They almost did not response constructively to the effort of institutional investors in effort to push the market. For example, there were some transactions in which 50% of total trading volume of blue chip came from foreign investors. Obviously, private investors are waiting and observing due to the economic meltdown as well as cloudy prospect of all listed companies. Besides, new tax regulation in which income tax is effectively cut in any trading (buying and selling) leads to the impact on trading psychology of private investors and the current circumstance.



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Decisions of Governmental agencies:

In December, the Central Bank lowered interest twice. Firstly, basic interest rate was reduced from 11% to 10%, effective from 5/12/2008) and further cut to 8.5%, effective from 19/12/2008. Such decisions is considered as appropriate to mobilizing interest level offered by commercial banks. However, there is a need to combine such measure with other means of basic interest management. At present, the ceiling of lending interest is set at 150% of basic interest which is now 12.75% p.a, a distance from the level offered in most of commercial banks (about 9%-10% for normal customers and 5%-6% for privileged partners). However the amount of disbursed fund is still limited due to the infeasibility of each project, financial difficulties of the businesses, which is contributed by the widespread financial crisis. Therefore, it is the matter of fact not to consider how much interest should be further cut off, but such measure should be in parallel with other growth stimulus solutions. The question of which areas to be addressed to push demand in the economy is still controversial.

In December, the petroleum price was also reduced twice, from VND13,000 to 11,000 per liter, in the meantime with increasing the fuel import duties. If compared with its peak of VND 19,000, petroleum price has so far been lowered by one third. This is an inevitable trend at the moment yet will not make any considerable impact on stock market. The only effect is on enterprises who consider fuel as raw material for operation and distribution.

Decision to impose tax on income from securities earnings effective from January 1, 2009, which requires each investor will to have a tax code and be collected either 20% of profit of selling stocks or 0.1% of trading value. This is a move of the Government to control income of investors and supplement tax collection for the state budget. However, from investor's perspectives, such decision would adversely affect their motivation, especially in this difficult trading period. It is likely that securities companies will be forced to lower their fees to support customers, even though it will be a hard decision as they have already announced loss for the year of 2008.

Top 5 of most liquid stocks on HOSTC

Name	Volume traded	% Total volume trade
STB	41,127,450	17.96%
SSI	15,216,680	6.64%
PVF	11,297,180	4.93%
DPM	9,197,910	4.02%
REE	7,549,870	3.30%

Top 5 of most liquid stocks on HASTC

Name	Volume traded	% Total volume trade
ACB	25,732,096	17.59%
KLS	19,434,000	13.28%
VCG	11,612,100	7.94%
PVI	11,157,300	7.63%
PVS	7,084,400	4.84%

Source: FPTS, HSX, BVF



BVF MARKET REPORT

Decision of interest compensation of 4%

It is a part of \$1 billion rescue package to push the economic growth by the Government. Accordingly, small and medium businesses, investment in remote areas, social fund in support for the poor will be supported 4% interest when borrowing fund in 2 years from 2009 – 2010. That means they have to bear only an attractive interest of 6% p.a, compared with current lending rate of 10% announced by commercial banks. This is seen as a technical support among the stimulus package to directly support enterprises to borrow money for business expansion while prevent the risks of deflation in the next year.

Over the counter market

OTC market at the end of the year is noted to be quiet as Bank's stocks, high liquidity stock such as MB and EXIM were traded quietly with lower prices. Especially HSC's stock increased slightly after being announced to be listed in HOSE, moreover, some stocks from BCCI<PNJ, Vitranchart... which had good performance over the year were attracted by investors. December is added with two new bank's stock from Baovietbank (BVB) and Vietinbank. BVB's stocks are effectively traded right after being certified to operate in OTC market as at 17/12/2008. It was also the last IPO for Vietinbank to conclude "loss year" in terms of privatization. After completing IPO at 25/12/2008. Vietinbank's shares were approximately traded at average of tender price (21-22000VND/ per share), while BVB's shares are traded at 11-12000VND per share but there was no signal of demand.

OTC market

CP- DM BVF	27/11	31/12	%
Eximbank**	25.5	13.5	-47.06%
MB	15.5	13.5	-12.90%
Vietcombank	32.5	30.5	-6.15%
Sabeco	32.5	29.5	-9.23%
Vosco	15	15	0.00%
Vidipha	26	26	0.00%
Thien Long	23.5*	23.5*	
Tanimex	34*	34*	
Nha Be garment	20*	20*	
Bimico	67.5*	67.5*	

*Reference price of Stock Companies and HSBC (these stocks are of low liquidity).

Source: www.sanotc.com



BVF MARKET REPORT

Some security companies which are good at dealing with OTC did have meeting to establish OTC group in 26/12/2008. It is said to be good move from such security institutions as at the moment the solutions related to set up a professional OTC market of the Governmental Securities Committee is in doubt to compete and become to be effective. If such idea became in effective, it could help investors avoid risk, increase the ability of liquidity and explicit.. .

Listed Companies' final operational performance is the most expected event in the beginning of 2009. In fact, all companies have already prepared themselves for such event by revamping their own businesses' strategies from the third and fourth quarter. Investors and markets in general all expected such changes as they looked at monthly financial reports and current prices offered in the market. However, informed information still influences the whole market. Security Companies are the majority companies suffering big loss while banking sector had had better result in the beginning of year but also suffered a little decline. Generally speaking, the operational performances reflect the differences between different sectors of the economy. Nevertheless, such performances have not been told the whole story of what actually happened during the year. We expected to have better view from the first quarter of 2009 which will reveal the truth behind the operations of those companies

Market forecast for 1/2009

Quiet trading is hoped to keep going and there will not have any sudden changes. Reports of last year's performance are said to impact price trend but current circumstance will not change much. It probably makes bigger different between different shares. Investors are expecting the solutions of government but such movement always goes with lagging time to realize its effectiveness, even though the stock market has always reflected the most sensitive signals.

BVF MARKET REPORT



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