

## Low liquidity and increasing selling pressure downed VNIndex to the lowest trough year-to-date

- Stock exchanges experienced a negative month of May 2018. VNIndex fluctuated in downtrend due to low liquidity. It also demonstrated the caution of investors. Meanwhile, foreign investors continue to net-sell large-cap stocks, as a result, creating the massive selling activities over several trading days. The picture was clearer when VNIndex dropped around 2.5% - 3%, along with several increase trading day under the bull-trap situation. Over the first half of May, VNIndex tried to maintain the 1,000 points threshold. It is the important psychological supporting point which directly relates to the action of investors. However, because of low liquidity, VNIndex declined to the lowest point since February, creating new trough of 2018 at around 910 points. Later this month, the stock exchanges have recovered thanks to the bottom-out activities when investors believe there was over-sold situation. At that point, VNIndex had dropped by 23% compared to the peak on 10/04/2018. In addition to this, HSX welcomed new member in large-cap segment which is VHM. The appearance of VHM helped the market to achieve the new records of trading volume and value in a day thanks to 248 million shares of VHM, equivalent to 28,547 billion VND. The main stories of May were: i) Large-cap and Blue chip, especially from banking and real-estate segments were the main factors for market decline; ii) low liquidity due to cautious sentiment along with increasing selling pressure; iii) foreign investors continue their net-selling position, creating negative impacts on domestic investors; iv) margin lending was still at high level, which creates high pressure on securities firms to balance the outstanding loan when markets significantly dropped.
- HSX experienced 9 decline trading days which costed up to 20.52% of VNIndex while had 13 increase trading day, helped VNIndex to recover by 13% in May.
- Overall, VNIndex ended May at 972.25 points, dropped by 79.01 points and 7.52% m.o.m. Total trading volume was 3.79 billion shares (-8.45% m.o.m), equivalent to trading value at 138,200 billion VND (-0.29% m.o.m). On average, daily trading volume and value were 172 million shares (-21.1% m.o.m) and 6,282 billion dong (-13.51% m.o.m) respectively. On HNX, there was also a decline month of May when HNXIndex closed at 114.91 points (-6.3% m.o.m). Total trading volume and value were 1.1 billion shares (-0.18% m.o.m) and 15,560 billion VND (-18.19% m.o.m) respectively. On average, daily trading volume and value were 50.36 million shares (-13.8% m.o.m) and 707 billion VND (-29.37% m.o.m) respectively.
- The stocks contributed most to the increase of VNIndex including: SAB (helped VNIndex to increase by 0.59%), HPG (+0.12%), VHM (+0.04%), MWG (+0.04%) and BMP (+0.03%). In contrast, stocks dragged VNIndex down the most including: GAS (-1.3%), VNM (-0.98%), VIC (-0.73%) and VCB (-0.66%).

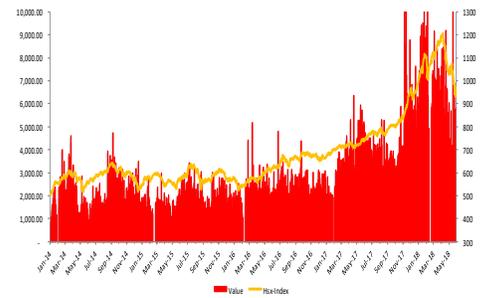
## Stock exchanges continue to decline while foreign investors net-sold if excluding major put-through trading activities

- Regarding of foreign investors: stock exchanges ended May 2018 with the prolonged downtrend and significant decline in indices. On HSX, VNIndex once reached the trough of this year when approached 916 points. One of the main reasons was strong selling pressure from foreign investors. Even though the foreign investors have net-bought the total value of 22,898.8 billion VND (equivalent to nearly 1 billion USD), it concentrated mostly on several major put-through transactions while selling pressure was still high. Going through 22 trading sessions, it is easy to witness the overall picture of strong selling. There were only 2 net-buying days on 10/5 and 18/5. On 10/5, Kyoei Steel (Japan) net-bought 33.2 million shares of VIS (Vietnam – Italy Steel JSC), equivalent to 1,146 billion VND. On 18/5, foreign investors net-bought 248.8 million share of VHM (Vinhomes JSC) through the put-through trading of total value at 28,548 billion VND. If excluding the extraordinary put-through transaction, foreign investors continue to be in net-selling position with nearly 6,795 billion VND.
- Foreign investors had the highest net-buying position on: FRT (255 billion VND), DXG (167 billion VND), VCI (151 billion VND) and HCM (92 billion VND). On the other hand, VIC suffered the most from net-selling activities at nearly 2,980 billion. VRE and VJC were the follow-up with around 786 billion VND and 518 billion VND respectively. VNM was also net-sold at 418 billion VND. On HNX, foreign investors traded the total amount of 160.3 million shares, achieved total trading value of 2,506 billion VND while buying 1,143 billion VND worth of shares and selling 1,362 billion VND worth of shares. Overall, their net-selling position was around 219 billion VND on HSX.
- About 2 foreign ETFs: Market Vector Vietnam ETF net-sold 16.2 million USD and DB X-Tracker FTSE Vietnam Index ETF net-bought 14.2 million USD. To sum up, both funds net-sold more than 2 million USD

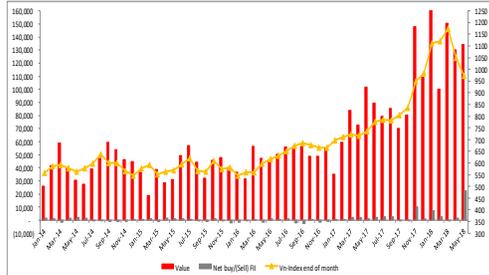
## Markets in 06/2018:

- Under the selling pressure and low liquidity, stock exchanges have gone through a rough month with new trough of the year at 910 points without a successful recovery. We believe that there are several factors that significantly impact on the markets. i) The issue from lack of information will be eliminated when quarterly business results will be gradually and unofficially released. Accordingly, banking segment is expected to receive positive news thanks to strong macroeconomic conditions, stable interest rate and strong credit growth. Oil & Gas sector is also under the forecasts to improve thanks to increasing oil price. In contrast, sectors which use oil & gas as inputs such as transportation, plastic, rubber will face some difficulties. ii) Recent drop of stock exchange will bring the stock prices to the attractive levels, open up new investment opportunities, especially on fundamental companies. iii) New IPO of major company will attract significant part of current cashflow for listed on stock exchanges. iv) Foreign investors' activities will be closely followed when net-selling activities demonstrate no sign of slowing down.
- In term of technical analysis: stock exchanges have lost nearly 23% compared to the peak in April. Therefore, the short-term recovery from bottom-out is expected and easy to understand. We expect June will be an increasing month because there are strong signal of bottom-out at the end of May. The recovery level will largely depend on the liquidity. The nearest resistance levels were 1,030 and 1,065, equivalent to the line of 38.2% and 50% according to Fibonacci method. At those levels, the markets will experience significant fluctuation and experience correction in order to create the firm base for recovery.

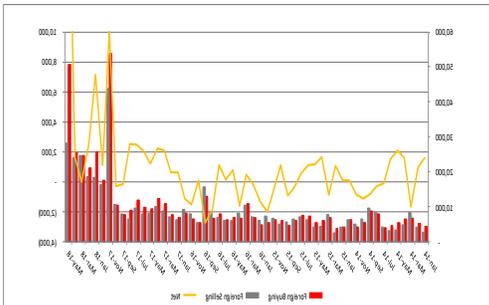
## Vn-Index (RHS) & Daily trading value (bVND-LHS)



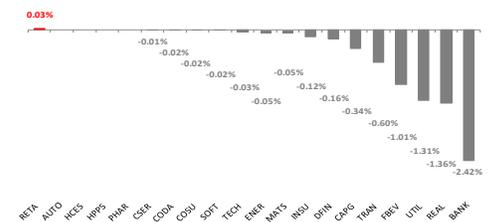
## Monthly Trading value (bVND-LHS) & Foreigners activities (bVND-RHS)



## FOREIGN TRADING VALUE AND THEIR NET POSITION (bVND)



## INDUSTRIAL CONTRIBUTION TO VN-INDEX 05-2018



## INDUSTRIAL PERFORMANCE

