

## WEEKLY NEWSLETTER

It is time to take a little risk!

WORLD MARKETS ..	2
VIETNAM STOCK MARKET ..	5
DISCLAMER.....	7

**SHF**

**By:**

**Nguyen Viet Duc**

(Director of Research)

**Stock market**

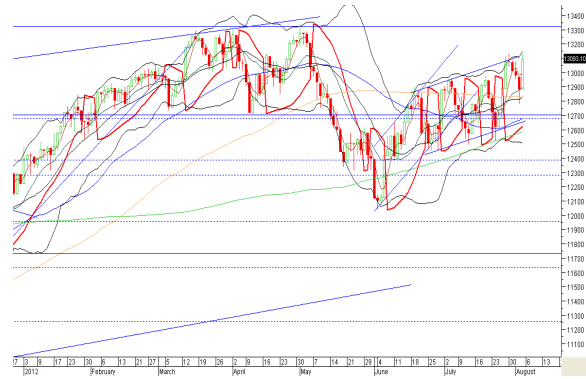
**U.S:**

US stock mostly fell last week as investors were generally disappointed with no actions from Fed and vague promises from ECB and decided to take profit. Technically, US stocks currently trade sideways (ADX fell to 17 <20) and therefore the suggested strategy is buy low and sell high.

However, Friday marked a strong break though as the positive employment data (not enough in our opinion) spurred a strong rally of stocks. About 160.000 jobs have been added in July compared with 66K for June and 87K for May. Job gain is the biggest since earlier this year and this rises hope that the expansion will be continued after a short pause. Some other data were positive as well. US Market PMI is positive, among only one of the few in the world now, housing price has increased firmly with 3 strong gain in a row. The jobless weekly claim is improved though very slightly and slowly and personal income rises as well. The improvement in house price and employment rise consumer confidence (from 62 to 65.9) though that number has not materialized in consumer spending indicator.

On the negative side, US's ISM fell to negative from positive reflecting troubles ahead as new orders fell due to low demand from Europe and China.

Despite Friday rally, Dow Jones still stayed within the flag model and this bearish model is broken only if Dow Jones advance as strong this week. So, temporary mood is positive but investors still need to beware.



*Dow Jones as 8/3/2012*

Vix shows the complacency of investors as it dropped to the multi year low zone, and very close to the low of 2006 when the economy expanded strongly.

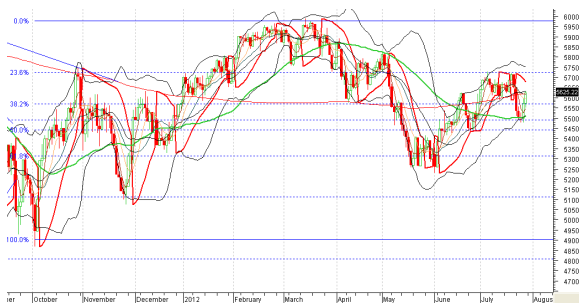
We find out that if VIX can continue to move lower to break down of the support 15 level, then it would be really good for stocks and the whole economy should be perform at the very low risk. However, we are concerned that this is not the situation now. We find that a period of calm sea is mostly followed by high risk period and we should watch VIX closely for any negative move. But for now, things are pretty rosy.



VIX as of 8/03/2012

On the contrary to the improved picture in the US, Euro zone and Britain still suffered deep recession. PMI for most countries fell shapely, even Germany PMI has fallen for 4 months now. Unemployment rate is unchanged but at a very high level of 11.2%, while retail sales suffer.

However, that string of bad economic data may just reinforce countries to spend money buying bonds of troubled countries, a move that ECB encouraged and investors were waiting for. As such, the general mood on the stock market is still positive with high hope for more stimulus.



FTSE at 8/03/2012

China manufacturing seem to be at the border line between expansion and contraction. While the HSBC's PMI, which focuses on small and medium enterprises, improved to near

expansion, the official PMI while still positive but falling slightly. The main picture is a very slow growth by China standard which hit stocks badly and short term trend is still negative.

However, we see some early signs of a reversal. First, stocks has tested quite well the new low level and have come back for the last few days. If Shanghai index can break up the 2150 level and the P-Sar, then we can hope for at least a short term rally.



Shanghai index as of 8/03/2012

**Gold**

Gold is unable to move out of the current triangle model but the risk is still to the down trend, which means gold is more likely to move higher than lower. If Gold can break up the 1620 level with is the short term resistance, it can go up to 1680 and if this 1680 is broken also, gold will resume its long term

uptrend.



Gold as of 08/03/2012

**Other channels**

**Commodities:**

Commodities hold up after a strong break though recently, which is good news for inflation and the economy in general.



Commodities index as of 8/03/2012

**EUR lower after ECB announcement**

Investors still watch closely ECB move this week. Some wild guests of even non-conventional measures such as buying debt directly from the nonfinancial sectors.

EUR short term trend is positive and has the 1.3 as the first resistance.



EUR has near term support at 1.2 but can still move lower

USD has also stabilized against JPY at 78 and can form a double bottom model to finish its recent correction. USD needs to break out of the 80 resistance level to resume its mid term uptrend.



*USD is at near term support of 78*

## Stock market comment

The stock market generally traded in a small range with lowest volume since earlier this year. On the positive side, the recent low of 405 has not been broken and the MA200 has provided good support for stocks, despite bad data such as lowest PMI in months or the hike in petroleum, thanks to strong persistence of heavy weight blue chip such as MSN, VNM and STB. We think that the market will move higher in the short term as selling pressure died out and strong companies enter a new phase of dividend and bonus stocks that can help stimulate speculating activities.

### Strategy:

As Vnindex has firmly break the 420 level, we think that Vnindex can go as shortly as 430 and has the opportunities to form a mid term uptrend. That means the 420+ is a moderate buying zone, investors may want to buy a part of capital here with the rest bought when Vnindex firmly breaks out of the 430 level. The current rebound now is a good short term trading opportunity but for higher risk averse investors, we think you need to wait for a mid term uptrend confirmation. Currently there has been one confirmation signal from the MA, we need another confirmation in P-SAR to increase our stock investments.

Another confirmation is the breakout of the Ichimoku cloud. Vnindex needs to stay above

425 for this to come true. For Hnindex the respective resistance is 72-73.



*Vnindex as of 08/06/2012: High volume accompanying a breakout of the 40-421 resistance means less risk and higher return for stock holders.*

Hnindex rose later than Vnindex, which means it's cheaper and safer to buy HNX stocks than Vnindex stocks.



*Hnindex has the 72-73 level to test. We don't think that Hnindex can breakout soon so a correction around 70-73 is a good buying point.*

Date	31-Dec	1-Mar	8-Jun	6-Jul	13-Jul	30-Jul	3-Aug	Change last week	YTD
P/E Market	7.97	10.02	11.12	10.22	10.37	10.18	10.22	0.47%	28.33%
Median	6.36	7.86	8.12	7.51	7.54	7.43	7.41	-0.35%	16.43%
Top 3	27.73	32.78	27.86	26.29	26.00	25.12	25.40	1.09%	-8.42%
Top 11	15.30	19.40	17.74	17.09	17.11	16.80	16.92	0.69%	10.58%
Securities company	10.07	13.49	15.13	13.51	13.91	14.01	13.79	-1.54%	36.97%
Real Estate	12.30	14.80	16.83	15.32	15.46	15.05	14.99	-0.38%	21.90%
Banks	8.13	10.64	10.98	10.46	10.54	10.47	9.92	-5.28%	21.93%
Industrials	9.13	13.28	12.05	10.61	10.93	10.69	10.64	-0.52%	16.53%
Insurance	10.62	13.11	12.18	10.89	10.80	10.65	10.59	-0.62%	-0.27%
Pharmaceutical	6.03	7.59	7.82	7.60	7.67	7.85	7.67	-2.32%	27.11%
Food	10.48	12.80	15.24	14.77	14.72	14.27	14.46	1.33%	37.99%
Construction	3.49	5.51	6.19	5.18	5.33	5.17	5.16	-0.24%	47.58%
Transportation	37.19	41.33	38.51	35.02	35.56	35.25	35.29	0.12%	-5.11%
Chemicals	4.60	5.47	6.03	5.54	5.70	5.35	5.53	3.34%	20.23%
Construction material	5.86	7.71	8.39	7.78	7.79	7.66	7.67	0.19%	30.81%
Technology	8.55	8.07	7.64	6.91	6.99	7.04	6.94	-1.45%	-18.85%
Rubber	3.68	3.57	3.63	3.56	3.63	3.60	3.62	0.43%	-1.52%
Power	11.35	13.58	16.00	15.38	15.39	14.84	14.79	-0.36%	30.33%
Tires	3.94	5.18	8.48	7.89	7.93	8.05	8.10	0.65%	105.69%
Oil	5.79	6.91	6.62	6.34	6.40	6.36	6.37	0.29%	10.4%
<b>VN30 average</b>	<b>11.44</b>	<b>14.99</b>	<b>14.96</b>	<b>14.07</b>	<b>14.19</b>	<b>13.97</b>	<b>14.32</b>	<b>2.53%</b>	<b>25.21%</b>
<b>VN30 median</b>	<b>8.52</b>	<b>10.34</b>	<b>9.87</b>	<b>9.62</b>	<b>9.91</b>	<b>10.03</b>	<b>10.64</b>	<b>6.05%</b>	<b>24.91%</b>
<b>VN30 weighted</b>	<b>13.09</b>	<b>15.92</b>	<b>14.93</b>	<b>14.37</b>	<b>14.39</b>	<b>14.25</b>	<b>14.14</b>	<b>-0.73%</b>	<b>8.05%</b>
<b>P/B market</b>	<b>0.98</b>	<b>1.23</b>	<b>1.40</b>	<b>1.46</b>	<b>1.49</b>	<b>1.51</b>	<b>1.33</b>		

Any recommendations contained in it are intended for the professional investors to whom it is distributed. This material is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. SHF has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; SHF makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness. Expressions of opinion are those of SHF only and are subject to change without notice. The decision and responsibility on whether or not to invest must be taken by the reader. SHF and its affiliates and/or their officers, directors and employees may have positions in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment).

This material may not be further distributed in whole or in part for any purpose. No consideration has been given to the particular investment objectives, financial situation or particular needs of any recipient.

**Contact:**

**Research and Analysis department – Saigon-Hanoi Fund management company**

**Address: 8<sup>th</sup> floor, 18 Ly Thuong Kiet , Hanoi**

**Phone(084) 9.345.959/ 9.386.986**