

WEEKLY NEWSLETTER

WORLD MARKETS ..	2
VIETNAM STOCK MARKET ..	5
STATISTICS.....	6

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By:

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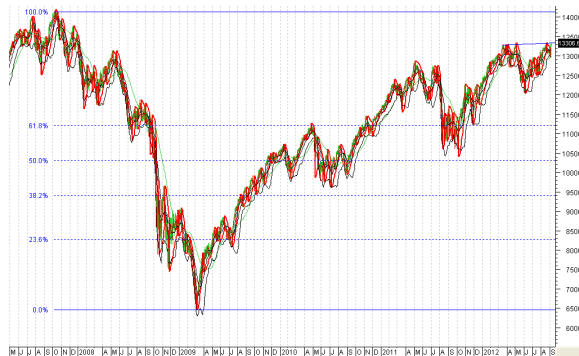
(Director of Research)

Stock market

U.S:

All eyes were on ECB last week and it did not disappoint investors. ECB has decided to buy unlimited bonds with maturity less than 3 years from peripheral countries if those countries follow some specific rules. That decision means Germany may finally agree to jump on and save the Euro.

In the US, the most waited employment report is weak, making Q.E.3 more certain as soon as this September and as late as December. It looks like the only thing unsure now is the timing and the effect of Q.E.3, not Q.E.3 existence itself.



Dow Jones as 8/24/2012: Some worries after failed test of this year high

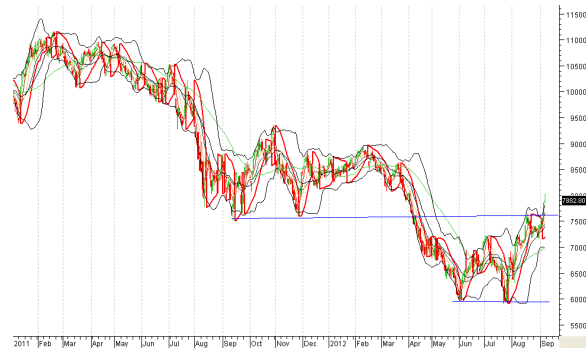
Vix, on other hand, is testing its bottom again. The very low VIX means investors are very calm and quite confident that the risks for the world economy has subdue substantially at least in the short term.



Vix is falling again to test its historical low

Europe:

The performing of IBEX may be the clearest answer to any doubt of a Euro existence. IBEX has climbed almost 30% from Draghi's put last June.



IBEX has formed a reliable double bottom pattern and continues its uptrend

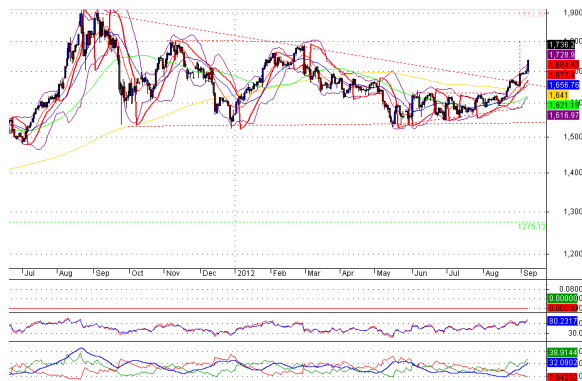
In China, retail sales held up but industrial production slowed down somewhat relatively to last year. More important, the CPI has been as expected and tamed at 2% p.a. This opens door for Chinese to set up a 1000 trillion Yuan stimulus package in infrastructure spending. As a result, Shanghai index climbed more than 3% last Friday and it may have set up the bottom for this year.



Shanghai index as of 9/7/2012

Gold

With US quantitative easing, ECB unlimited intervention and China new stimulus, no doubt gold has advanced strongly as the concern for inflation return. Gold has the opportunity to test 1800 very soon but for now, most investors wait sideline for the importance FOMC meeting this Thursday..



Gold as of 09/07/2012: An uptrend is in place

Other channels

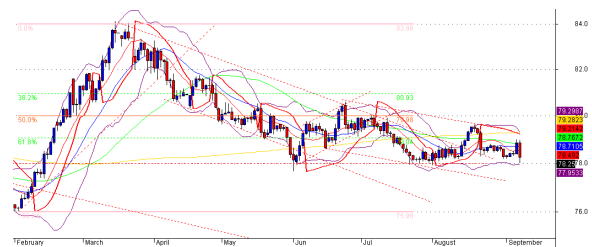
EUR lower after ECB announcement

With confidence coming back ,EUR has moved up strongly against USD and it has the opportunity to set up a new uptrend from here.



EUR has near term support 1.26 and 1.3 is the target for this run

US dollar also goes lower relative to JPY as hope of easing rises. USD now is in a downtrend versus JPY with nearest support at 78 and stronger support at 76.



USD rebound ended, another downtrend is on the way

Stock market comment

Vietnam stock market may be an exception to this current world stock market rally. Investors are nervous especially when gold price continue to rise and replace stock as the favorite investment channel and the stock market seems to form a brutal Elliott wave 5 (large cycle) with bottom to be forecast at least at the year previous low of 330. In this wave 5, we think that stock index is in the most brutal phase 3 with a promise for substantial rebound this September and October before finishing with a wave 5 for the rest of the year.

Stocks are fair at this moment with yield of near 9% (as promising as money deposit yield) and dividend yield around 5.5%. however, what matters now is the sentiment of retail investors as ETFs has finished its quarterly moderation of their stock baskets.

Strategy:

We pay a close attention to the stock market for an entrance point. But that may take a little while. For the short term, 380 is a strong resistance for Vnindex and 57 for Hnindex and we expect a considerable rebound from these support. Another scenario is 360 and 55 for two indexes as support levels. Because phase 3 of wave 5 is never the shortest then if this phase 3 (starting since 08/24/12) ends within 2 months then phase 5 will be even shorter.



Vnindex as of 9/10/2012: We think that 360-380 will serve as support zone in the short term but catching bottom is not recommended at least till the volatility goes down.



Hnindex is falling hard in its 3 phase of wave 5. 55- 57 is the near term support but things can get even worse later this year.



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