

WEEKLY NEWSLETTER

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By:

Nguyen Viet Duc

(Director of Research)

Stock market

U.S:

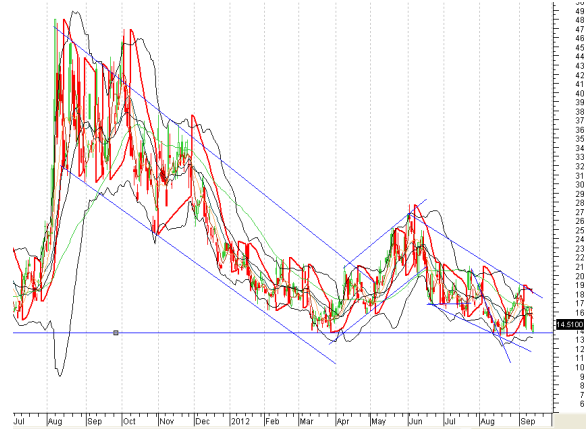
Bernake gave his own put with an unlimited Q.E.3 based on buying mortgages securities. So, there has been coordinated easing around the world from Europe, US, China and coming is Japan and England. Stocks and commodities benefit largely from this effect in the short term.

Dow Jones has been advancing in the 5th wave of the multi year uptrend from early 2009. We expect this trend to last for a few weeks to a few months more with the all time high (14,000) to test.



Dow Jones as 9/14/2012: Dow Jones is on her way to test all time high.

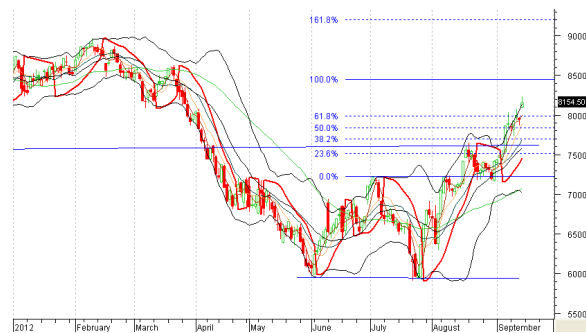
Vix, on other hand, is testing its bottom again. The very low VIX means investors are very calm and quite confident that the risks for the world economy has subdue substantially at least in the short term thanks to central banks quantitative easings.



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 continued its climb as Spanish bond rates go down and the likelihood of rescue from Europe is very real. We think IBEX will be the index to watch for this rally, that means, the reversal of IBEX will be an early indicator of a top.



IBEX has formed a reliable double bottom pattern and is continuing its uptrend

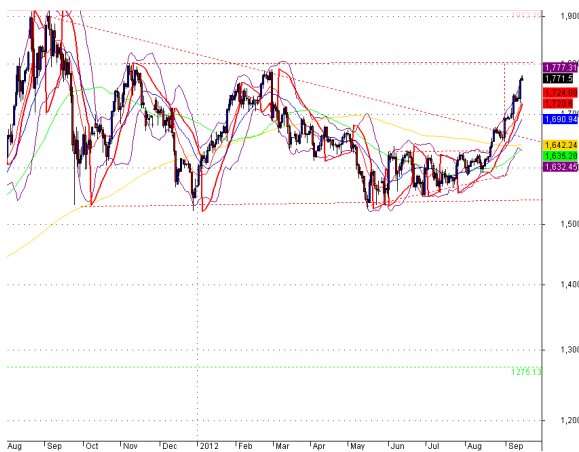
China does not benefit much from the world rally recently, as the QE3 would mean higher inflation for China while domestic demand is still very low. It looks unlikely that China will be the savior of the world this time.



Shanghai index as of 9/14/2012

Gold

Gold is one of the main beneficiary of QE3 as fear of inflation and the even lower real interest rates boost demand for gold. \$1800 per ounce is the near term target for gold and it will not be a surprise if gold can retest \$1900 or even reaches \$2000 per ounce.



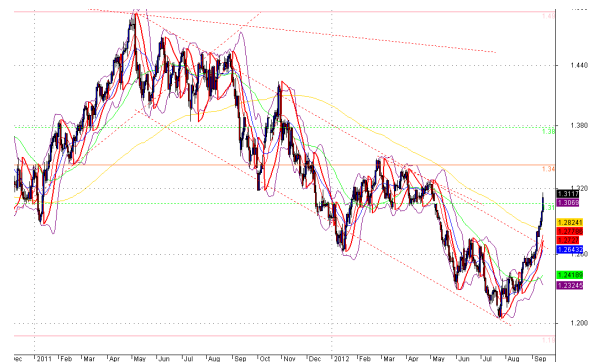
Gold as of 09/07/2012: An uptrend is in place

Other channels

EUR lower after ECB announcement

Europe performance against USD is strongly correlated with gold performance. We predict a

substantial uptrend from the low of 1.2 set up in July 2012.



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 does not benefit much from QE3 as this easing policy will like to push inflation for Vietnam higher, especially when many core products such as healthcare, electricity, education have been being revised up substantially. Some early estimates for September CPI are from 1% to 1.5%, the highest in months as a result of revised core products, higher petroleum and gas price because of the QE effect, as well as the rise in some key agriculture products such as pork and rice.

For the month, the stock market benefit from the calm down of domestic investors and the small net inflow of foreign capital as new Frontier Ishare has been launch even though with the initial size of \$10 million, the benefit is not much. The stock market benefit much more from the revised basket of the much bigger Vietnam ETF (\$270 million) which cut Talisman Industry (a foreign company operating in Vietnam) and buy other domestic stocks instead (BVH and STB are the main beneficiaries). Because Talisman stock accounts for 6.93% of VNM basket, that means around 18.7 million will be used to buy replacement stocks in Vietnam.

Strategy:

The activities of key ETFs is the main driver of the market, with domestic investors waiting sideline. We therefore don't expect a substantial

new uptrend but only small to medium rebound of the stock market, mainly Vnindex. It's more likely that this is only the second wave of the 3 downtrend wave (V.3.4=2) rather than a pretty strong 4th wave (V.4) so we expect the stock market to move in range from 360 to 410 for the coming weeks with the likelihood of going down more than 50%. That means investors need to open the sell position soon while the buy position should not be recommended.

Technically, we are still in a rebound from 380 with best entrance last Thursday- Friday. The investors can still entry Hnxindex if this index can surpass the strong resistance of 60 with a target of 63-65 but the possibility of that scenario is less than 50% in our opinion.



Vnindex is in the second rebound wave of the third downtrend wave. We don't think that Vnindex can surpass 410 at the moment and the next significant leg down is waiting in line. This leg down is more likely to be with low volume

and slow deterioration rather than a strong fall in August.



Hnxindex rebound is weak with only MACD generating a buy signal. However, if Hnx can surpass 60, we suggest a short term position in Hnx.



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Contact:

Research and Analysis department – Saigon-Hanoi Fund management company

Address: 8th floor, 18 Ly Thuong Kiet , Hanoi

Phone(084) 9.345.959/ 9.386.986