

WEEKLY REPORT

Week 5- November-2011

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Europe: Europe has just a few days to save itself

The Europe faces a key moment as the bank run on its banks and peripheral countries signals a start of a new crisis. There's a rumor that Italy is looking for IMF for a big loan package in the range of \$600 bil. In this case, Italy will not be allowed to issue new debt in the public markets. Currently, the market does not think that Italy can renew its \$300 bil. of 2012 maturing debt.

Yesterday, stocks market around the globe rallied as there was vague hope about more dramatic measures from Germany and France. Two countries was reported to draw a more tightening budget plan for EU countries, also opening ways for ECB intervention. However, experts are still skeptical. Cramer from CNBC warned us that the destroyed credit from Europe brings us just two steps away from financial collapse.

Both OECD and Moody's raised worries about the delay of Europe to solve the crisis but still believe that ECB has enough ability to save the Europe.

US: Two parties failed to reach deal in budget cut

Two parties failed to reach a deal for budget cut last Wednesday. In the next few days, the payroll cuts will also expire but the Democrat plans to extend this cut into 2012 paid for by surtax on those with incomes greater than \$1 million. The Republic also approved an extension but opposed to the ideas of

taxing the rich. We then expect to see more political drama from US.

On the other hand, economic data continued its improvement. Jobless claim has been around 390K with a clear downtrend (which is good). Consumer sentiment improved with a modest rise in personal income (up 0.4% M/M). Existing home sale increased 1.4% M/M and 13.5 Y/Y.

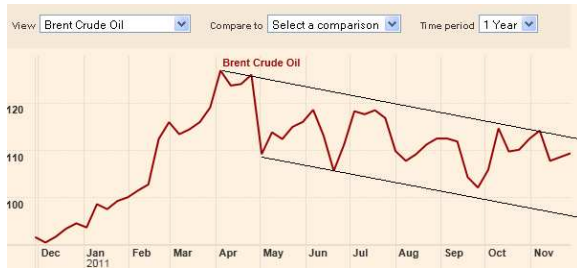
US consumers also seem to spend more. Retail sales during Thanksgiving is estimated at \$52.4 bil., up 16% from last year. Consumption accounting for 70% of US economy contributes largely to GDP growth as it gained 2.3% in Q3 compared to 2% of the GDP.

After Monday's close, Fitch issued a report putting US's triple AAA rating on "negative" watch because Fitch does see clear measures by two parties to introduce concrete fiscal measures. OECD also made a statement that US would follow Europe to drop into recession zone.

Crude Oil

Crude oil rebounded a bit as all commodities now move in tandem with the stock markets.

Crude oil has not broken its downtrend yet.



Brent Crude Oil on 11/28/2011

Source: Financial times

Government signals a rescue plan for real estates and stocks

The Prime Minister mentioned during his talk at the Congress that a plan would be introduced to save real estate and securities. Up till now, there's no further information but we don't expect a stimulus package. There's likely a tax cut for corporations and firms to more competitive level.

Recently, the State bank of Vietnam has issued documents regulating real estate credit that opened gates for certain types of real estate, mostly low income housing and mortgages. Some banks have introduced a new rate at 19% rather than 20%-22% for these sectors but no amount was revealed.

SBV made SJC national gold, opening ways to Gold certificate

The long waiting has stopped. Talking before the Congress, The governor of SBV confirmed that SJC gold is the national brand. According to this plan, we expect SBV will somehow uses SBV brand and SJC will take charge of production as the next step. The following step is a gold certificate. The State has issued a rule that investors buy gold from banks can not withdraw the physical gold bars but will have to leave the gold at the banks. This rule is one step closer to the gold certificate.

Whilst, small banks keep raising gold deposit rate as they face a bank rush in a large scale. The rate on gold has reached a new peak of 3.5% by SCB and Vietnam Tin Nghia, two small banks that are under pressure of a bank run and being acquired by larger banks.

Stock market performance

There's some hopes as the government mentioned a vague plan to rescue real estates and stocks. However, the optimism died out soon as the institutional investors (both foreign and local ones) expanded their selling streak because of the pressure on closing funds and margin accounts. Buying pressure turns out to be not enough to serve as catalyst for a clear rebound.

Currently, two indexes are stuck in its narrow trading range, from 60 to 62.7 on HNXINDEX and from 380-390 on Vnindex. The breakout of these trading ranges will be crucial and leads the way for further movements. Technically, MACD has issued a buy signal on both indexes so there's still hope for an uptrend but we need to see a rise in transactions for any uptrend to be realized.



HNXINDEX in a narrow trading range but the MACD gives investors some hopes.



Vnindex has also formed a strong support at 380 and is trading in a range of 380-390 right now. MACD gives support for an uptrend but volume fails to rise.

Foreigner activities

Foreigners still are net sellers on the stock market but the selling pressure lightened as the two indexes recorded very low trading volumes.

Sell order takes advantages of buy orders but a balance is being set

The gap between sell order and buy order grew smaller as the indexes dropped down to its strong support levels. VNINDEX saw volume going down relative to Hnxindex, which suggests that local investors think that Hnxindex is more profitable than Vnindex now as key blue chips on Vnindex are under great selling pressure from institutional investors.

Suggestion: Narrow trading range, we need to see a breakout in either directions

Selling pressure has lightened recently but the low volumes signal no significant breakout to the upside.

We suggest investors wait for two indexes to form a clear trend by either an upside breakout (390 for Vnindex and 62.7 for Hnxindex) or a downside breakout of the strong support levels at 380 and 60 respectively, which will signal another long downtrend for the stock market.

Stock market valuation

Date	31-Dec	23-Nov	24-Nov	25-Nov	28-Nov	29-Nov	Change this week	Change last week
P/E Market	12.65	9.38	9.24	9.24	9.31	9.17	-2.19%	-3.82%
Median	9.2	5.81	5.59	5.76	5.59	5.52	-4.94%	-1.18%
Top 3	25.35	24.58	23.98	24.30	24.05	23.87	-2.90%	-5.84%
Top 11	17.56	16.70	16.26	16.45	16.43	15.92	-4.65%	-3.39%
Securities company	41.37	32.51	31.97	31.92	32.37	32.14	-1.13%	-1.38%
Real Estate	13.7	11.39	11.23	11.20	11.28	11.17	-1.92%	-3.27%
Banks	10.36	8.33	8.15	8.16	8.05	7.95	-4.62%	-0.77%
Industrials	13.68	6.78	6.74	6.77	6.84	6.78	-0.05%	-8.16%
Insurance	18.26	16.54	16.27	16.42	16.27	16.19	-2.09%	-3.62%
Pharmaceutical	9.82	5.97	5.94	5.89	5.90	5.80	-2.85%	-6.17%
Food	7.86	7.94	7.85	7.89	7.92	7.43	-6.47%	-3.04%
Construction	25.89	15.27	14.94	14.48	15.30	14.98	-1.90%	-10.01%
Transportation	9.14	4.30	4.26	4.24	4.31	4.20	-2.40%	-4.94%
Chemicals	7	4.07	4.00	4.07	4.10	4.02	-1.24%	1.71%
Construction material	12.93	7.02	6.97	7.03	7.08	6.99	-0.49%	-4.32%
Technology	9.66	6.02	6.14	6.03	5.84	5.76	-4.32%	0.20%
Rubber	7.42	4.26	4.18	4.25	4.27	4.23	-0.75%	-2.45%
Power	7.56	5.70	5.59	5.59	5.65	5.65	-0.97%	0.00%
Rubber related products	12.58	5.19	5.14	5.10	5.28	5.30	2.03%	-4.93%
Oil and petroleum	7	4.80	4.79	4.75	4.78	4.78	-0.48%	-3.89%

Weekly trading statistics

VNINDEX	Buy vol. avg.	Sell vol avg.	Buy order avg.	Sell order avg.
Week 25/10- 2/11	50.2	47.4	2934	2839
Week 2-9/11	45.3	45.6	2610	3171
Week 9-15/11	38.7	47.1	2644	3263
Week 16-22/11	46.8	44.6	3072	3107
Week 23-29/11	40.4	41.9	2890	2988
Change	-13.68%	-6.05%	-5.92%	-3.83%

HNXINDEX	Buy vol. avg.	Sell vol avg.	Buy order avg.	Sell order avg.
Week 25/10- 2/11	53.5	46.5	3447	3079
Week 2-9/11	43.1	40.4	2873	3612
Week 9-15/11	39.4	38.6	3081	3570
Week 16-22/11	37.7	35.3	3295	3223
Week 23-29/11	34.7	36.6	3353	3393
Change	-7.96%	3.68%	1.76%	5.27%

Daily trading statistics

Date	VNI	Volume	Value	Buy volume	Sell volume	Sell order	Buy order	For. Net (bil.)
11/23/2011	388.57	33,117,808	518,868,896,000	43,992,180	43,271,150	2,940	3,026	-47.62
11/24/2011	381.79	29,217,760	439,169,381,000	36,538,200	45,938,550	2,772	2,961	-51.50
11/25/2011	383.35	27,351,140	405,671,874,000	34,937,390	37,216,200	2,772	2,873	-45.04
11/28/2011	383.31	32,647,512	437,679,689,000	46,323,720	41,213,500	3,077	3,093	-46.63
11/29/2011	382.9	34,796,173	492,401,019,000	0	0	--	--	-2.41

Date	HNX	Volume	Value	Buy volume	Sell volume	Sell order	Buy order	For. Net (bil.)
11/23/2011	62.1	24,098,480	228,491,075,400	39,924,000	35,450,800	3,494	3,343	-16.93
11/24/2011	61.27	19,362,600	175,788,790,000	26,677,600	37,364,000	3,016	3,367	-2.15
11/25/2011	61.15	19,203,980	177,304,900,000	29,662,200	33,959,600	2,933	3,499	-5.68
11/28/2011	61.91	31,393,850	286,661,425,000	45,948,200	36,203,400	3,888	3,239	-5.68
11/29/2011	61.38	22,096,288	215,153,122,000	31,347,500	40,220,900	3,433	3,518	-0.27

No comment this week.

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