

Brokers expect market to stay up this week

Securities enterprises expect that the market would continue its uptrend early this week as investor sentiment turned strong on supportive solutions of macro managing agencies as well as the VN-Index skyrocketing last Friday.

However, the brokers are concerned that the market would enter another correction phase from the middle of this week as the main index had neared the strong resistance of 470 points after three consecutive rising sessions.

Last Friday, investors learnt of a draft circular where the central bank will directly participate in the domestic gold trading market. The indices soon took off with investors interpreting that the new regulation could mean rechanneling money from gold into stocks for better returns. Domestic gold prices could slump as the gap with international prices narrows.

The smaller spread would also be supportive for the dong, one factor that foreign investors pay much attention to. In addition, the State Securities Commission (SSC) stated that the 10% extension of non-voting shares to foreigners could be implemented right in the first quarter of this year, thus spurring the sentiment.

The VN-Index jumped a hefty 15.69 points, or 3.47%, from the session earlier to 468.09 while the HNX-Index also advanced 0.72% to 61.61. However, Viet Capital Securities Company (VCSC) noted most of the positive effect came from the larger tickers on the southern exchange and the HNX-Index benefited from the ripple effect.

Notably, foreign investors returned to strong net buying positions, three times higher than the previous session and only 10% below the peaks observed on January 8-9.

Although the VN-Index gained 3.1% during the week, liquidity was still weak. Total trading volume on both bourses decreased 23% while value retreated 28% week-on-week.

The northern bourse was even further behind. The HNX-Index lost 0.7% from 62.1 to 61.61 with value declining 35% and volume contracting 31%.

VCSC said that with the VN-Index sitting just a tad below the 470-point resistance level, this week it might need some time to test this level.

HCMC Securities Corp. (HSC) said that securities stocks will see some effect as the SSC will soon also propose lifting the foreign ownership limit on brokerages completely.

Currently, foreigners can own up to 49% or exactly 100% of a brokerage but nothing in between. This pro-posal would free up the limit between 49-100% apparently. Given that both SSI and HCM have had their foreign limits full for some time this would no doubt be beneficial for the share prices, HSC said.

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