

**Fixed-Income Report**

Dec/12 – Dec/16/2016

In this issue

- Round up
- Bond market
- Interest rates

**Tran Minh Hoang**

+84 4 3936 6425 (ext. 112)

[tmhoang@vcbs.com.vn](mailto:tmhoang@vcbs.com.vn)

**Nguyen Thuy Duong**

+84 4 3936 6425 (ext. 117)

See Disclaimer at Page 6

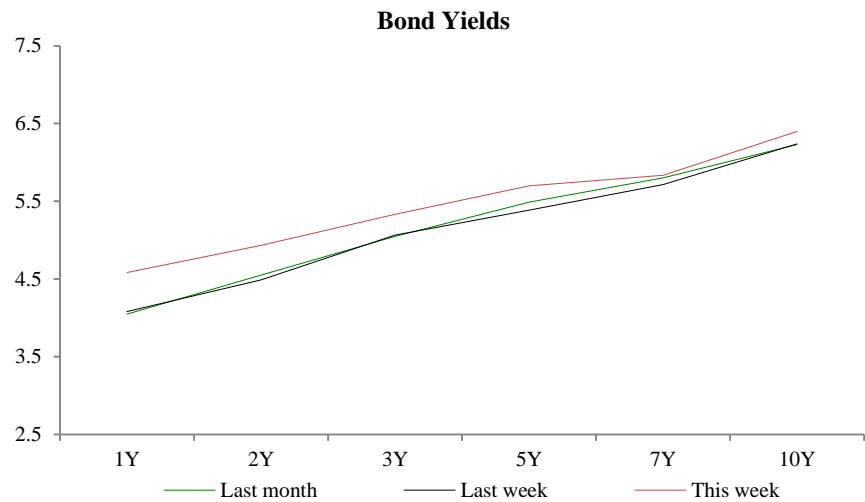
Macroeconomic, Fixed-Income,  
Financial and Corporation  
Information updated at

[www.vcbs.com.vn/vn/Services/AnalysisResearch](http://www.vcbs.com.vn/vn/Services/AnalysisResearch)

**Round-up**

**Primary market was quiet.**

**Trading volume declined. Bond yield shifted upward last week.**



Source: Bloomberg, VCBS

■ VND0 (-100% wow) worth of bond was issued. VND28,809bn (-31.6% wow) was traded on the secondary market.

- Interbank rates boosted dramatically last week.
- SBV net-injected VND38,098bn via OMO channels last week.
- Foreign investors net-bought VND172bn last week.

■ **Bond yield shifted upward last week.** According to Bloomberg data 1Y, 2Y, 3Y, 5Y, 7Y and 10Y bond yields posted at 4.583% (+50.3 bps), 4.933% (+44.3 bps), 5.333% (+26.7 bps), 5.7% (+31.3 bps), 5.833% (+11.7 bps) and 6.4% (+16 bps) respectively.

■ Bond market is expected to stay subtle as a result of (1) high interbank rates in context of the on-going liquidity preparation for the year-end period and (2) unfavorable condition from the foreign exchange market. Therefore, we believe bond yield might experience a slight fluctuation around the current level next week.

- current level next week.

**Bond Market**

**Primary Market**

**Primary market was quiet.**

**VND0 (-100% wow) worth of bond was issued.**

VND0 (-100% wow) worth of bond was issued. The average registering-to-offering ratio posted at 109%, while the winning-to-offering ratio was recorded at 0%.

**VND28,809bn (-31.6% wow) was traded on the secondary market.**

**Secondary Market**

**Trading volume declined. Bond yield shifted upward last week.**

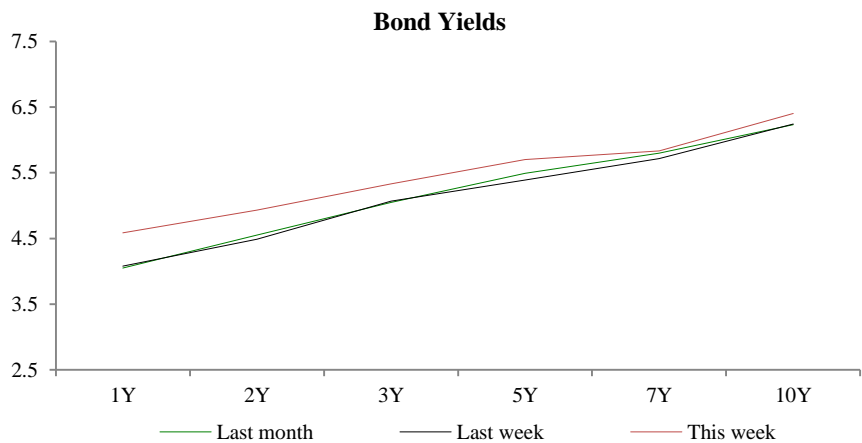
VND28,809bn (-31.6% wow) was traded on the secondary market. Outright and repo values were at VND19,164bn and VND9,645bn. For outright, ST-Bond made up for 92% of the total trading volume, VDB was accounted for 6.06% and the rest went to VBSP.

Repo rates still increased from last week, ranging from 4.8%-6% for 2w – 3m tenors which indicated for a less-abundant liquidity in the system.

**Bond yield shifted upward last week.** According to Bloomberg data 1Y, 2Y, 3Y, 5Y, 7Y and 10Y bond yields posted at 4.583% (+50.3 bps), 4.933% (+44.3 bps), 5.333% (+26.7 bps), 5.7% (+31.3 bps), 5.833% (+11.7 bps) and 6.4% (+16 bps) respectively.

Bond market is expected to stay subtle as a result of (1) high interbank rates in context of the on-going liquidity preparation for the year-end period and (2) unfavorable condition from the foreign exchange market.

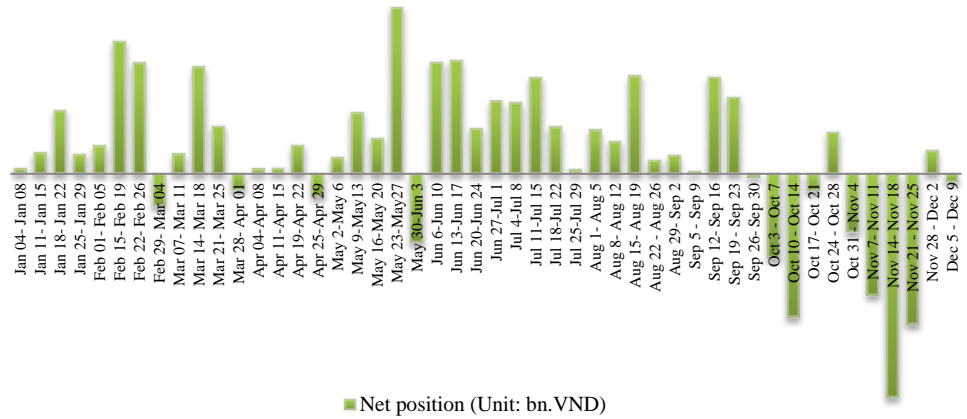
Therefore, we believe bond yield might experience a slight fluctuation around the current level next week.



Source: Bloomberg, VCBS

**Foreign investors net-bought VND172bn last week.** Foreign investors net-bought VND172bn last week. Favor switched to 2Y tenor by VND279bn. On the other hand, selling activities shifted to 12M tenor by VND107bn.

**Foreign Investment in the secondary market 2016**



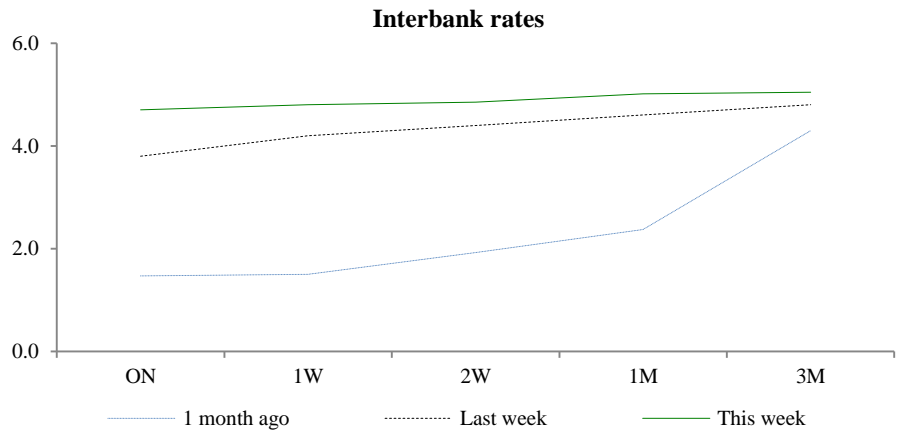
Source: HNX, VCBS

**INTERBANK RATES**

**Interbank Rates**

**Interbank rates increased significantly last week.** Interbank rates boosted dramatically last week. In details, ON – 3M rates respectively posted at 4.7%, 4.8%, 4.85%, 5.014% and 5.042%. According to Bloomberg data, SBV has continuously focused on repo activity last week.

After a continuous uptrend, we expect interbank rates to swing because the psychological shock from FED’s decision would dwindle shortly, which would strongly improve investor’s sentiment. The pressure from liquidity preparation for the end of the year would rather keep interbank rates at the relatively high level in the upcoming period.



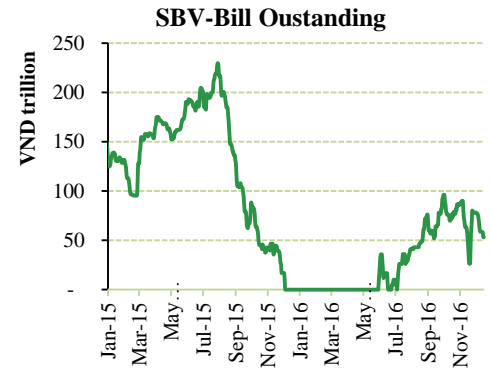
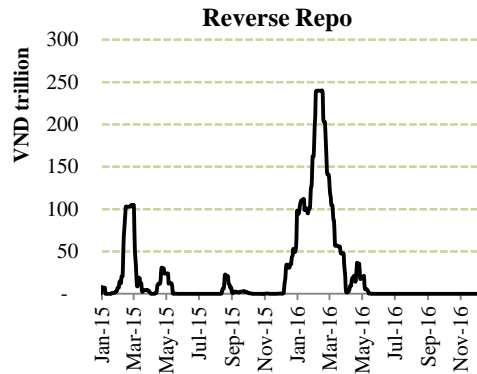
Source: Bloomberg, VCBS

**Open Market Operation**

**SBV net-injected VND38,098bn via OMO channels last week.**

SBV net-injected VND38,098bn via OMO channels last week. The amount came from both outright and repo activity. For repo, VND35,078bn was offered while VND2,490bn was dued. Meanwhile, VND5,510bn was dued and none was offered in outright activity. As a result, the outstanding of Reverse Repo reached VND38,078bn while that of SBV-bill dropped from VND58,710bn to VND53,200bn from last week.

We think that SBV would continue to implement more actions towards liquidity consolidation to maintain the stable status of liquidity in the system.



Source: Bloomberg, VCBS

**END.**

## APPENDICES

### Bond Auctions

Auction date	Issuer	Tenor	Offering volume	Registering volume	Winning volume	Ceiling rate (%)	Winning rate (%)	Winning/ Offering	No. of bidders
<b>ST bills</b>									
<b>Government and government-backed bonds</b>									
11/21/2016	VBSP	5	424	624	0	0	0	0.00%	2
11/23/2016	ST	5	2000	5376	1375	0	5.2	68.75%	14
11/23/2016	ST	15	1000	751	100	0	7.2	10.00%	4
11/23/2016	ST	30	500	507	500	0	7.98	100.00%	4
11/25/2016	VDB	5	1000	350	0	0	0	0.00%	2
11/25/2016	VDB	10	521	130	0	0	0	0.00%	2
11/28/2016	VBSP	5	424	424	424	0	5.5	100.00%	1
11/30/2016	ST	5	3900	7711	3200	0	5.25	82.05%	1
11/30/2016	ST	7	1000	701	0	0	0	0.00%	4
12/7/2016	ST	5	4000	5711	3000	0	5.28	75.00%	13
12/7/2016	ST	30	500	530	500	0	7.98	100.00%	4
12/15/2016	VDB	5	1000	1160	0	0	0	0.00%	2
<b>12/15/2016</b>	<b>VDB</b>	<b>10</b>	<b>521</b>	<b>500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>1</b>

### Secondary Market

Issuer	Week 12/5-12/9		Week 12/12-12/16	
	Value	Value share	Value	Value share
<b>Outright</b>				
ST	19,845	87.59%	17,630	92.00%
VDB	1,304	5.76%	1,161	6.06%
VBSP	1,408	6.21%	373	1.95%
Others	99	0.44%		0.00%
<i>Subtotal (1)</i>	22,656	100.00%	19,164	100.00%
<b>Repo</b>				
Repo	19,464	57.25%	9,645	38.96%
Reserve Repo	14,533	42.75%	15,108	61.04%
<i>Subtotal (2)</i>	33,997	100.00%	24,753	100.00%
<b>ST bills</b>				
Outright	-	-	-	-
Repo	-	-	-	-
<i>Subtotal (3)</i>	-	-	-	-
<b>Total (1)+(2)+(3)</b>	<b>56,653</b>		<b>43,917</b>	

### Open Market Operation

Date	Reverse Repo				Outright (SBV Bills)			
	Due	Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
<b>12/12-12/16</b>	<b>0</b>	<b>35,078</b>	<b>35,588</b>	<b>38,078</b>	<b>5,510</b>	<b>0</b>	<b>(5,510)</b>	<b>53,200</b>
12/5-12/9	0	5,490	5,490	5,490	18,400	0	(18,400)	58,710
11/28-12/2	0	0	0	0	1,150	100	(1,050)	77,110
11/21-11/25	0	0	0	0	16,740	68,500	51,760	78,160
11/14-11/18	0	0	0	0	43,250	6,560	(36,690)	26,400

## DISCLAIMER

This report is designed to provide updated information on the fixed-income, including bonds, interest rates, some other related. The VCBS analysts exert their best efforts to obtain the most accurate and timely information available from various sources, including information pertaining to market prices, yields and rates. All information stated in the report has been collected and assessed as carefully as possible.

It must be stressed that all opinions, judgments, estimations and projections in this report represent independent views of the analyst at the date of publication. Therefore, this report should be best considered a reference and indicative only. It is not an offer or advice to buy or sell or any actions related to any assets. VCBS and/or Departments of VCBS as well as any affiliate of VCBS or affiliate that VCBS belongs to or is related to (thereafter, VCBS), provide no warranty or undertaking of any kind in respect to the information and materials found on, or linked to the report and no obligation to update the information after the report was released. VCBS does not bear any responsibility for the accuracy of the material posted or the information contained therein, or for any consequences arising from its use, and does not invite or accept reliance being placed on any materials or information so provided.

This report may not be copied, reproduced, published or redistributed for any purpose without the written permission of an authorized representative of VCBS. Please cite sources when quoting. Copyright 2012 Vietcombank Securities Company. All rights reserved.

## CONTACT INFORMATION

**Tran Minh Hoang**

Chief Economist

tmhoang@vcbs.com.vn

**Nguyen Thuy Duong**

Fixed income Analyst

## VIETCOMBANK SECURITIES COMPANY

<http://www.vcbs.com.vn>

<b>Ha Noi Headquarter</b>	Floor 12th & 17th, Vietcombank Tower, 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi Tel: (84-4)-39366990 ext: 140/143/144/149/150/151
<b>Ho Chi Minh Branch</b>	Floor 1 <sup>st</sup> and 7 <sup>th</sup> , Green Star Building, 70 Pham Ngoc Thach Street, Ward 6, District No. 3, Ho Chi Minh City Tel: (84-8)-3820 8116
<b>Da Nang Branch</b>	Floor 12 <sup>th</sup> , 135 Nguyen Van Linh Street, Thanh Khe District, Da Nang City Tel: (84-511)-3888991 ext: 801/802
<b>Phu My Hung Transaction Unit</b>	Lawrence Sting Building, 801 Nguyen Luong Bang Street, Phu My Hung Urban Zone, District No. 7, Ho Chi Minh City Tel: (84-8)-54136573
<b>Giang Vo Transaction Unit</b>	Floor 1 <sup>st</sup> , Building C4 Giang Vo, Giang Vo Ward, Ba Dinh District, Hanoi Tel: (84-4)-3726551
<b>Can Tho Representative Office</b>	Floor 1 <sup>st</sup> , Vietcombank Can Tho Building, 7 Hoa Binh Avenue, Ninh Kieu District, Can Tho City Tel: (84-710)-3750888
<b>Vung Tau Representative Office</b>	Floor 1st, 27 Le Loi Street, Vung Tau City, Ba Ria - Vung Tau Province Tel: (84-64)-3513974/75/76/77/78
<b>An Giang Representative Office</b>	Floor 6 <sup>th</sup> , Nguyen Hue Building, 9/9 Tran Hung Dao Street, My Xuyen Ward, Long Xuyen City, An Giang Province Tel: (84-76)-3949843
<b>Dong Nai Representative Office</b>	F240-F241 Vo Thi Sau Street, 7 <sup>th</sup> Block, Thong Nhat Ward, Bien Hoa City, Dong Nai Province Tel: (84-61)-3918815
<b>Hai Phong Representative Office</b>	Floor 2 <sup>nd</sup> , 11 Hoang Dieu Street, Minh Khai Ward, Hong Bang District, Hai Phong City Tel: (+84-76) 3949 843
<b>Binh Duong Representative Office</b>	314 Binh Duong Route – Phu Hoa Ward – Thu Dau Mot City - Binh Duong Province Tel: (+84-76) 3949 843