

**Fixed-Income Report**

Dec/19 – Dec/23/2016

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**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)

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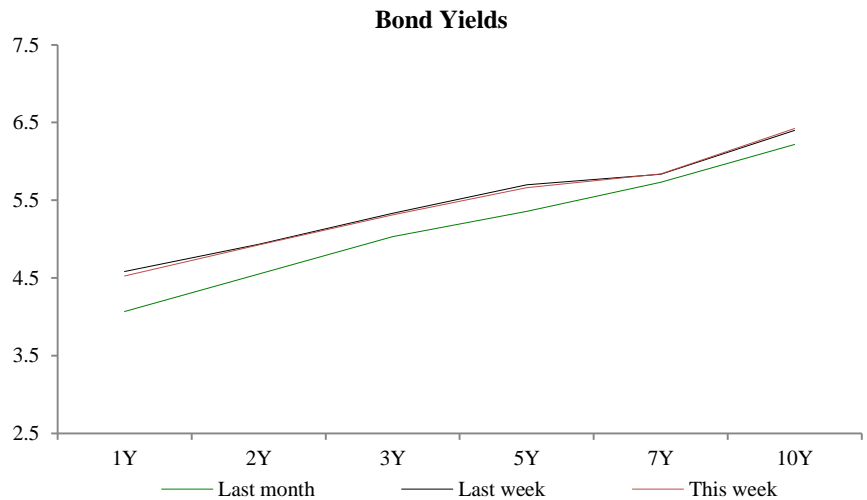
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**Round-up**

**Primary market was quiet.**

**Trading volume improved. Bond yield fluctuated in a tight band**



Source: Bloomberg, VCBS

■ VND0 (+0% wow) worth of bond was issued. VND32,183bn (+11.71% wow) was traded on the secondary market.

■ Interbank rates dropped significantly last week, except 3M tenor.

■ SBV net-injected VND29,069bn via OMO channels last week.

■ Foreign investors net-sold VND354bn last week.

■ **Bond yield fluctuated in a tight band last week.** According to Bloomberg data 1Y, 2Y, 3Y, 5Y, 7Y and 10Y bond yields posted at 4.525 % (-5.8 bps), 4.925% (-0.8 bps), 5.313% (-2 bps), 5.662% (-3.8 bps), 5.838% (+0.5 bps) and 6.425% (+2.5 bps) respectively.

■ We believe that interbank rates might shift lower because: (1) the lackluster impact of FED hiking interest rate has resulted in exchange rate cooling down and (2) pressure on liquidity in the system shall be less tensed as the bank's liquidity preparation to answer the year-end demand will come to an end shortly. Therefore, bond yield would tick down next week.

**Bond Market**

**Primary Market**

**Primary market was quiet.**

**VND0 (+0% wow) worth of bond was issued.**

VND0 (+0% wow) worth of bond was issued. The average registering-to-offering ratio and the winning-to-offering ratio both remained at 0%.

**VND32,183bn (+11.71% wow) was traded on the secondary market.**

**Secondary Market**

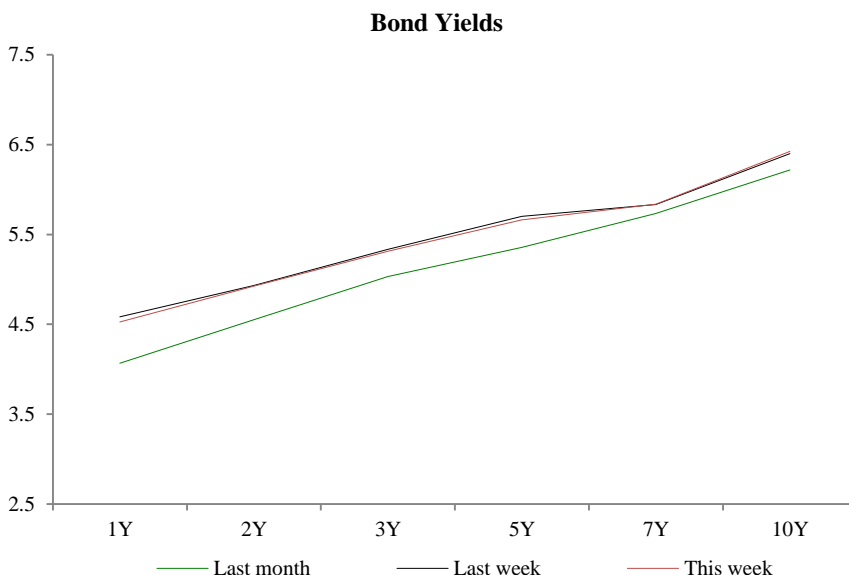
**Trading volume declined. Bond yield fluctuated in a tight band last week.**

VND32,183bn (+11.71% wow) was traded on the secondary market. Outright and repo values were at VND20,269bn and VND11,914bn. For outright, ST-Bond made up for 95.82% of the total trading volume, VDB was accounted for 3.66% and the rest went to VBSP.

Repo rates slightly ticked up from last week, ranging from 4.9%-6% for 2w – 6m tenors.

**Bond yield fluctuated in a tight band last week.** According to Bloomberg data 1Y, 2Y, 3Y, 5Y, 7Y and 10Y bond yields posted at 4.525 % (-5.8 bps), 4.925% (-0.8 bps), 5.313% (-2 bps), 5.662% (-3.8 bps), 5.838% (+0.5 bps) and 6.425% (+2.5 bps) respectively.

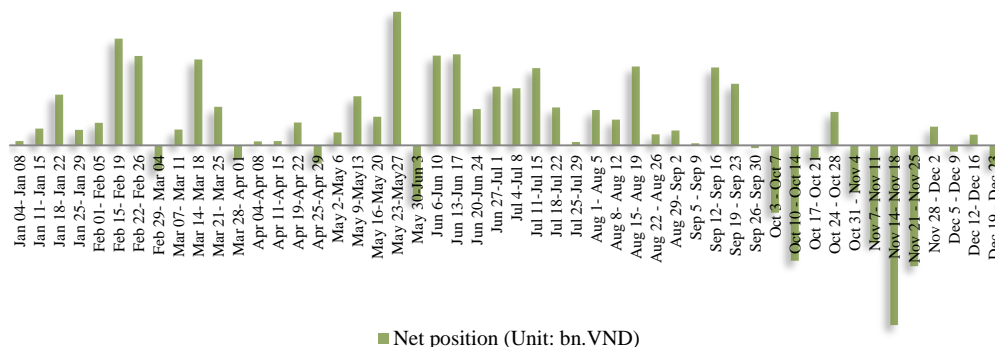
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Source: Bloomberg, VCBS

**Foreign investors net-sold VND354bn last week.** Foreign investors net-sold VND354bn last week. Favor switched to 3Y tenor by selling VND316bn. On the other hand, buying activities shifted modestly to 3-5Y tenor by VND52bn.

**Foreign Investment in the secondary market 2016**



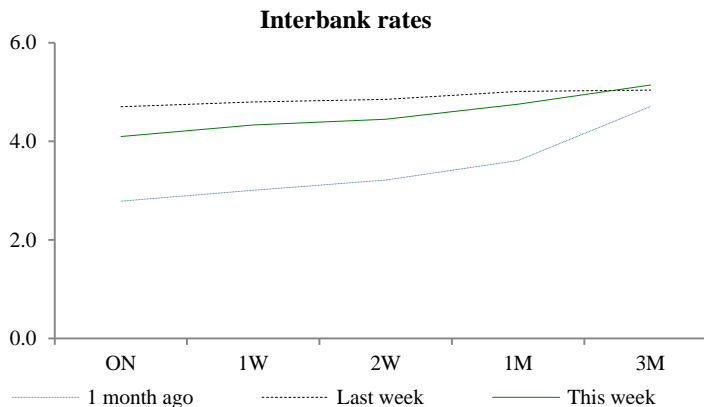
Source: HNX, VCBS

## INTERBANK RATES

### Interbank Rates

**Interbank rates dropped last week, except 3M tenor.** Interbank rates dropped last week, except 3M tenor. In details, ON – 3M rates respectively posted at 4.1%, 4.333%, 4.45%, 4.75% and 5.143%. According to Bloomberg data, SBV has successfully coordinated the liquidity in the system by applying both repo method and issuing short-term notes in 14 days tenor with 1.75% rates last week.

As (1) exchange rates seemed to gradually bounce back to the stable status as “FED effect” has somewhat dwindled and (2) SBV’s continuous attempts to consolidate the liquidity in the system, we believe that interbank rates might as well slightly decrease next week.



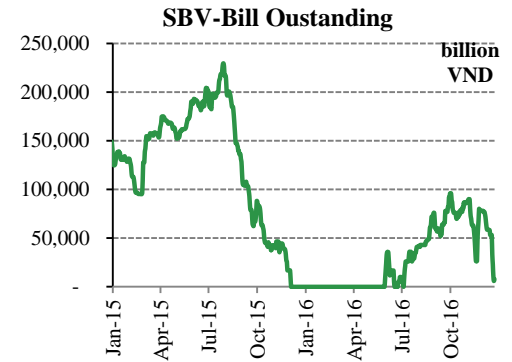
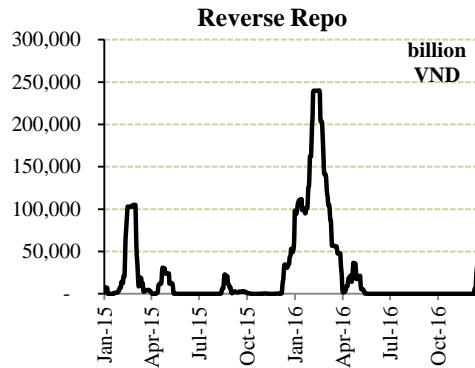
Source: Bloomberg, VCBS

**Open Market Operation**

**SBV net-injected VND29,069bn via OMO channels last week.**

SBV net-injected VND29,069bn via OMO channels last week. The amount came from both outright and repo activity. For repo, VND2,711bn was offered while VND18,842bn was dued. Meanwhile, VND53,200bn was dued and VND8,000 was offered in outright activity. As a result, the outstanding of Reverse Repo ticked down from VND38,078bn to VND21,946bn while that of SBV-bill dropped from VND53,200bn to VND8,000bn from last week.

We think that SBV would continue to implement more actions towards liquidity consolidation to maintain the abundance 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	17,630	92.00%	19,422	95.83%
VDB	1,161	6.06%	742	3.66%
VBSP	373	1.95%	104	0.51%
Others	-	0.00%	-	0.00%
<i>Subtotal (1)</i>	19,164	100.00%	20,268	100.00%
<b>Repo</b>				
Repo	9,645	38.96%	11,914	44.94%
Reserve Repo	15,108	61.04%	14,596	55.06%
<i>Subtotal (2)</i>	24,753	100.00%	26,510	100.00%
<b>ST bills</b>				
Outright	-	-	-	-
Repo	-	-	-	-
<i>Subtotal (3)</i>	-	-	-	-
<b>Total (1)+(2)+(3)</b>	<b>43,917</b>		<b>46,778</b>	

### Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
<b>12/19-12/23</b>	<b>2,711</b>	<b>18,842</b>	<b>(16,131)</b>	<b>21,946</b>	<b>53,200</b>	<b>8,000</b>	<b>(45,200)</b>	<b>8,000</b>
12/12-12/16	0	35,078	35,588	38,078	5,510	0	(5,510)	53,200
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

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## 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)-37265551
<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