

Fixed-Income Report

Jan/2 – Jan/6/2017

In this issue

- Round up
- Bond market
- Interest rates

Tran Minh Hoang

+84 4 3936 6425 (ext. 112)

tmhoang@vcbs.com.vn

Nguyen Thuy Duong

+84 4 3936 6425 (ext. 117)

See Disclaimer at Page 6

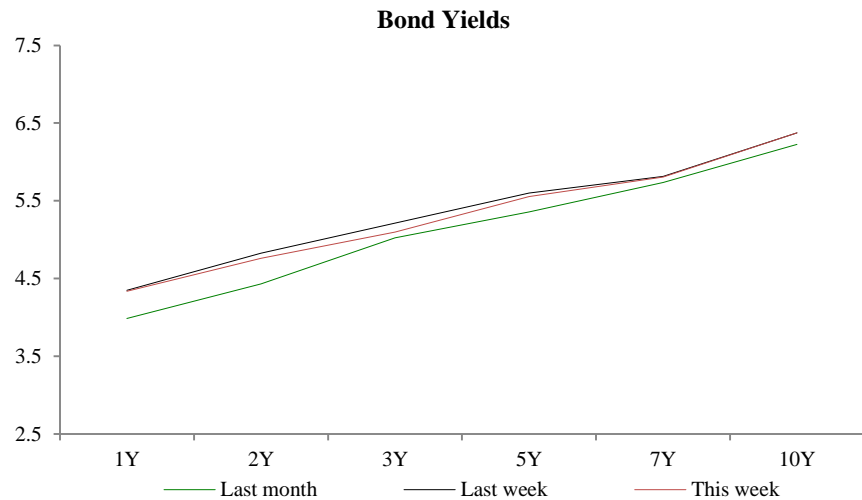
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Round-up

Primary market was active.

Trading volume improved. Bond yield slightly shifted downward, except 10Y tenor last week.



Source: Bloomberg, VCBS

■ VND203bn worth of bond was issued. VND30,887bn (-4.03% wow) was traded on the secondary market.

■ Interbank rates increased last week, especially ON tenor.

■ SBV net-injected VND3,786bn via OMO channels last week.

■ Foreign investors net-bought VND471bn last week.

■ **Bond yield slightly shifted downward, except 10Y tenor last week.** According to Bloomberg data 1Y, 2Y, 3Y, 5Y, 7Y and 10Y bond yields posted at 4.338% (-1.2 bps), 4.762% (-6.3 bps), 5.1% (-11.3 bps), 5.557% (-4.3 bps), 5.805% (-0.8 bps) and 6.375% (+0 bps) respectively.

■ Although exchange rates have cooled down, bond market shall remain quiet in the upcoming weeks. The underlying reason is due to the liquidity pressure from the seasonal high demand of the local currency. Therefore, we suppose that bond yield would move sideways next week.

Bond Market

Primary Market

Primary market was active.

VND203bn worth of bond was issued.

VND203bn worth of bond was issued. In details, the entire amount belonged to the State Treasury. The average registering-to-offering ratio posted at 182.42% and the winning-to-offering ratio both stayed at 3.38%.

VND30,887bn (-4.03% wow) was traded on the secondary market.

Secondary Market

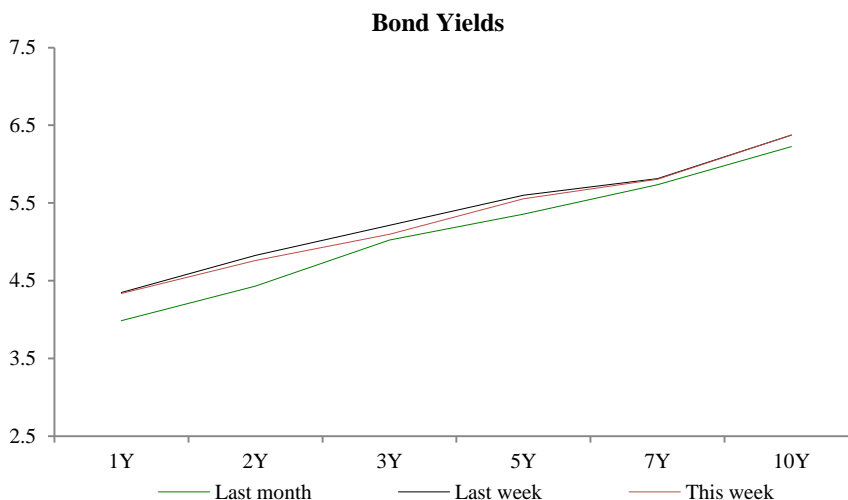
Trading volume declined. Bond yield shifted upward last week.

VND30,887bn (-4.03% wow) was traded on the secondary market. Outright and repo values were at VND18,260bn and VND12,627bn. For outright, ST-Bond made up for 86.83% of the total trading volume, VDB was accounted for 11.99% and the rest went to VBSP.

Repo rates slightly decreased from last week, ranging from 4.7%-5% for 2w – 3m tenors.

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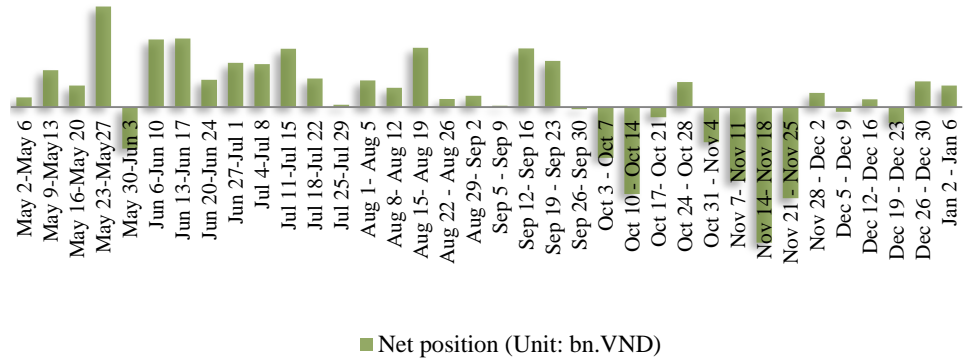


Source: Bloomberg, VCBS

Foreign investors net-bought VND471bn last week.

Foreign investors net-bought VND471bn last week. Favor switched to 3Y and 12M tenors by buying VND156bn and VND153bn respectively. On the other hand, there was no selling activity last week.

Foreign Investment in the secondary market 2017



Source: HNX, VCBS

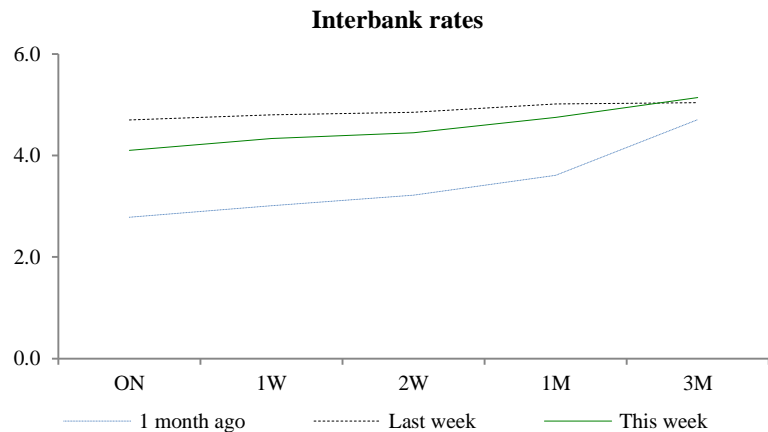
INTERBANK RATES

Interbank Rates

Interbank rates increased last week, especially ON tenor.

Interbank rates increased last week, especially ON tenor. In details, ON – 3M rates respectively posted at 4.15%, 4.4%, 4.6%, 4.983% and 5.067%. According to Bloomberg data, SBV has successfully coordinated the liquidity in the system by applying only repo method in 7 days tenor with 5% rates last week.

Given that liquidity would be under pressure shortly as a result of (1) Tet’s preparation and (2) Government disbursement in January; we believe interbank rates would continue to increase next week.



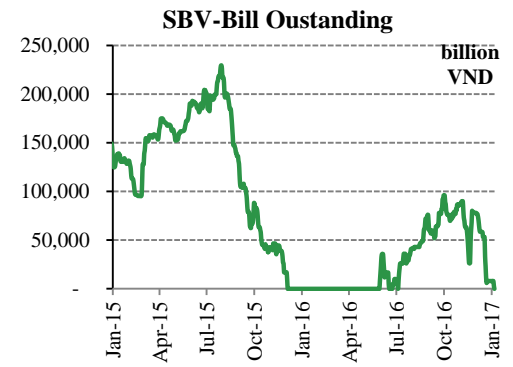
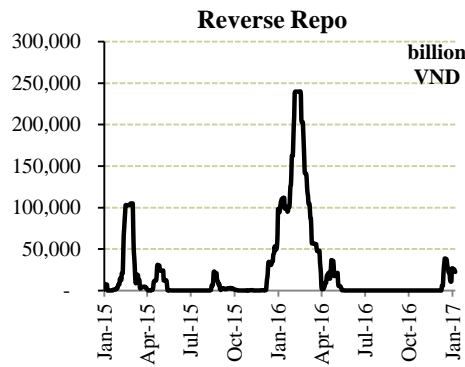
Source: Bloomberg, VCBS

Open Market Operation

SBV net-injected VND3,786bn via OMO channels last week.

SBV net-injected VND3,786bn via OMO channels last week. The amount came from both outright and repo activity. For repo, VND21,348bn was offered while VND25,562bn was dued. Meanwhile, VND8,000bn was dued and VND0 was offered in outright activity. As a result, the outstanding of Reverse Repo ticked down from VND26,556bn to VND22,342bn while that of SBV-bill dropped from VND8,000bn to VND0 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
ST bills									
Government and government-backed bonds									
12/28/2016	ST	5	2000	5636	0	0	0	0.00%	15
12/28/2016	ST	30	1000	397	398	0	7.98	39.80%	4
12/28/2016	ST	15	1000	1331	60	0	7.2	6.00%	5
12/29/2016	VDB	5	1000	890	0	0	0	0.00%	3
12/29/2016	VDB	10	521	650	0	0	0	0.00%	2
1/4/2017	ST	15	1000	1364	203	0	7.2	20.30%	6
1/4/2017	ST	5	2000	6911	0	0	0	0.00%	16
1/6/2017	VDB	5	1500	1720	0	0	0	0.00%	4
1/6/2017	VDB	10	1500	950	0	0	0	0.00%	4

Secondary Market

Issuer	Week 12/5-12/9		Week 12/12-12/16	
	Value	Value share	Value	Value share
Outright				
ST	20,305	85.83%	15,856	86.83%
VDB	2,223	9.40%	2,191	12.00%
VBSP	612	2.59%	213	1.17%
Others	517	2.19%	-	0.00%
<i>Subtotal (1)</i>	<i>23,657</i>	<i>100.00%</i>	<i>18,260</i>	<i>100.00%</i>
Repo				
Repo	21,245	68.31%	12,627	45.75%
Reserve Repo	9,857	31.69%	14,974	54.25%
<i>Subtotal (2)</i>	<i>31,102</i>	<i>100.00%</i>	<i>27,601</i>	<i>100.00%</i>
ST bills				
Outright	-	-	-	-
Repo	-	-	-	-
<i>Subtotal (3)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Total (1)+(2)+(3)	54,759		45,861	

Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
1/2-1/6	25,562	21,348	(4,214)	22,342	8,000	0	(8,000)	0
12/26-12/30	20,952	25,562	4,609	26,556	0	0	0	8,000
12/19-12/23	2,711	18,842	(16,131)	21,946	53,200	8,000	(45,200)	8,000
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

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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>

Ha Noi Headquarter	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
Ho Chi Minh Branch	Floor 1 st and 7 th , Green Star Building, 70 Pham Ngoc Thach Street, Ward 6, District No. 3, Ho Chi Minh City Tel: (84-8)-3820 8116
Da Nang Branch	Floor 12 th , 135 Nguyen Van Linh Street, Thanh Khe District, Da Nang City Tel: (84-511)-3888991 ext: 801/802
Phu My Hung Transaction Unit	Lawrence Sting Building, 801 Nguyen Luong Bang Street, Phu My Hung Urban Zone, District No. 7, Ho Chi Minh City Tel: (84-8)-54136573
Giang Vo Transaction Unit	Floor 1 st , Building C4 Giang Vo, Giang Vo Ward, Ba Dinh District, Hanoi Tel: (84-4)-37265551
Can Tho Representative Office	Floor 1 st , Vietcombank Can Tho Building, 7 Hoa Binh Avenue, Ninh Kieu District, Can Tho City Tel: (84-710)-3750888
Vung Tau Representative Office	Floor 1st, 27 Le Loi Street, Vung Tau City, Ba Ria - Vung Tau Province Tel: (84-64)-3513974/75/76/77/78
An Giang Representative Office	Floor 6 th , Nguyen Hue Building, 9/9 Tran Hung Dao Street, My Xuyen Ward, Long Xuyen City, An Giang Province Tel: (84-76)-3949843
Dong Nai Representative Office	F240-F241 Vo Thi Sau Street, 7 th Block, Thong Nhat Ward, Bien Hoa City, Dong Nai Province Tel: (84-61)-3918815
Hai Phong Representative Office	Floor 2 nd , 11 Hoang Dieu Street, Minh Khai Ward, Hong Bang District, Hai Phong City Tel: (+84-76) 3949 843
Binh Duong Representative Office	314 Binh Duong Route – Phu Hoa Ward – Thu Dau Mot City - Binh Duong Province Tel: (+84-76) 3949 843