

Fixed-Income Report

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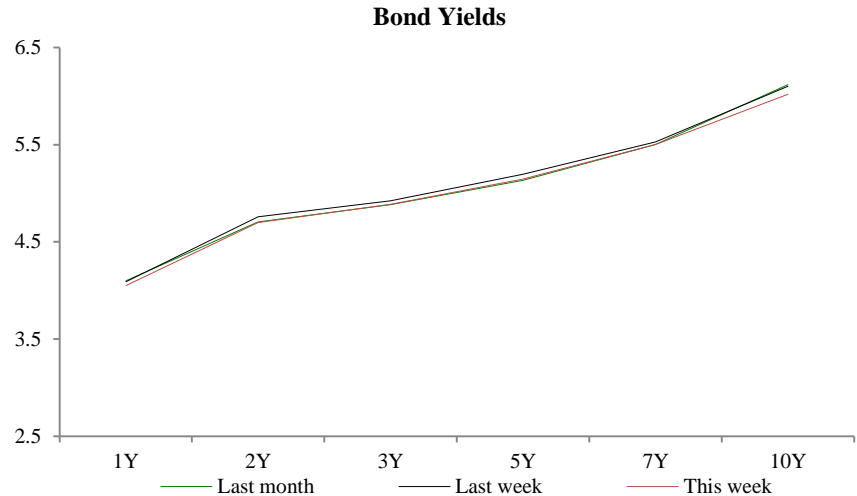
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Round-up

**High demand for long-term bond in primary market.
Active trading in secondary market.
Yield curve shift downward frictionally.**



Source: Bloomberg, VCBS

■ VND6,810 bn (+36.2% wow) worth of bond was issued. VND38,019 bn (+38.18% wow) was traded on the secondary market.

■ Yield curve shift downward frictionally. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y and 10Y bond yields posted at 4.05% (-4 bps), 4.698% (-6.2 bps), 4.886% (-3.6 bps), 5.148% (-5 bps), 5.504% (-2.6 bps) and 6.02% (-8.2 bps) respectively.

■ We believe that bond yield may fluctuate in a tight band as the liquidity was better-off in the short-term. However, we did not observe any factor, which may shift bond yield downward significantly.

■ Interbank rates pulled back marginally. In details, ON – 3M rates respectively posted at 4.25%, 4.4%, 4.558%, 4.7% and 4.74%, according to Bloomberg data. We believe that the positive effect will only last in the short-term. Therefore, it is unlikely that interbank rates will press lower significantly next week.

Bond Market

Primary Market

The amount of bond issued pressed higher compared to last week.

VND6,810 bn (+36.2% wow) worth of bond was issued.

VND6,810 bn (+36.2% wow) worth of bond was issued. All the amount issued belonged to State Treasury (ST). Note that VBSP and VDB did not issue bond in April. The average registering-to-offering ratio posted at 337.52%. The winning-to-offering ratio was 94.58%, which was higher than last week.

For ST-Bond, 5Y, 7Y, 15Y, 20Y and 30Y winning rates stayed at 5.1% (-2 bps); 5.43% (-0 bps); 6.79% (-16 bps); 7.36 (-14 bps) and 7.79% (-6 bps) respectively. It can be clearly seen that the winning rates in long-term bond pressed lower significantly while 5Y and 7Y bond winning rates remained stable.

We remained our assessment that winning rates in 5Y and 7Y are not likely to pull down further. We also observe investor's interest on long-term bond. Demand was high especially for 30Y bond (the registering-to offering ratio was roughly 381.5%). These figures seemed to support plan of issuing more 30Y bond regardless of the fact that the annual issuance plan for 30Y bond will be within reach shortly.

Secondary Market

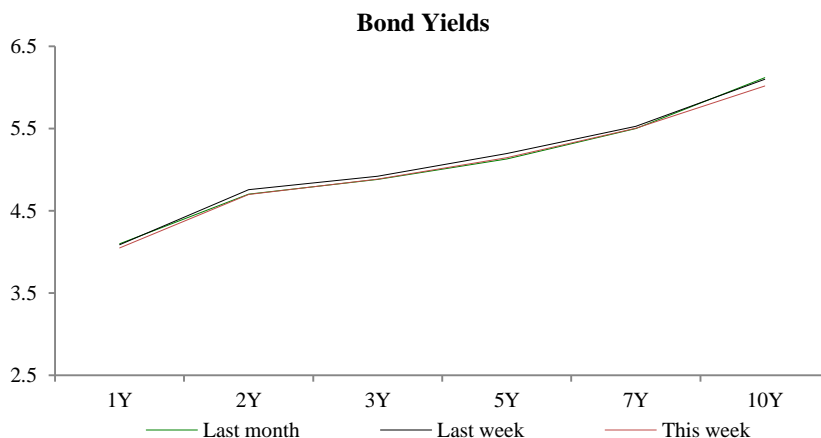
Trading volume once again pressed higher. Yield curve shift downward frictionally.

VND38,019 bn (+38.18% wow) was traded on the secondary market

VND38,019 bn (+38.18% wow) was traded on the secondary market. Outright and repo values were at VND14,485 bn and VND23,534 bn respectively. For outright activity, ST-Bond kept dominating trading volume with 87.3% while the rest belonged to VDB and VBSP bonds. Both outright and repo activity was once again active compared to the first week of April.

Yield curve shift downward frictionally. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y and 10Y bond yields posted at 4.05% (-4 bps), 4.698% (-6.2 bps), 4.886% (-3.6 bps), 5.148% (-5 bps), 5.504% (-2.6 bps) and 6.02% (-8.2 bps) respectively.

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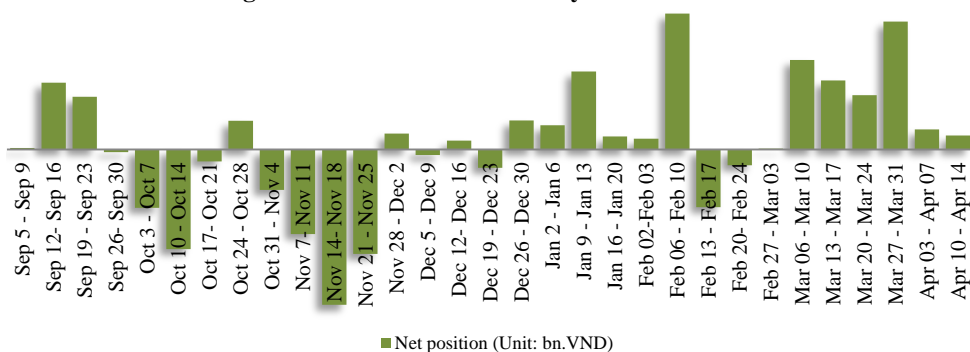


Source: Bloomberg, VCBS

Foreign investors net buy VND271 bn this week.

Foreign investors net bought six weeks in a row. In detail, VND271 bn was bought this week. We still anticipated that the net-buy value from the foreign still remain in Q2.

Foreign Investment in the secondary market 2016-2017



Source: HNX, VCBS

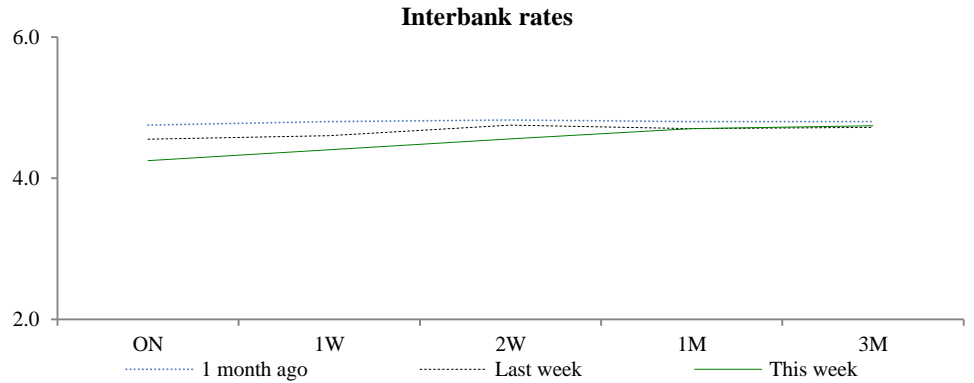
INTEREST RATE

Interbank Rates

Interbank rates cooled off though still settled at a high level.

Interbank rates pulled back marginally. In details, ON – 3M rates respectively posted at 4.25%, 4.4%, 4.558%, 4.7% and 4.74%, according to Bloomberg data.

On 11th April, SBV adjusted the exchange rates, which were applied to transactions with commercial bank. In detail, the ask price was raised from 22,575 VND/USD to 22,675 VND/USD, which equivalent a 4% increase. This action immediately created a positive impact on liquidity in the banking system when it was no longer abundant. Consequently, interbank rate cooled down at the end of the week. However, we believe that the positive effect will only last in the short-term. Therefore, it is unlikely that interbank rate will press lower significantly next week.

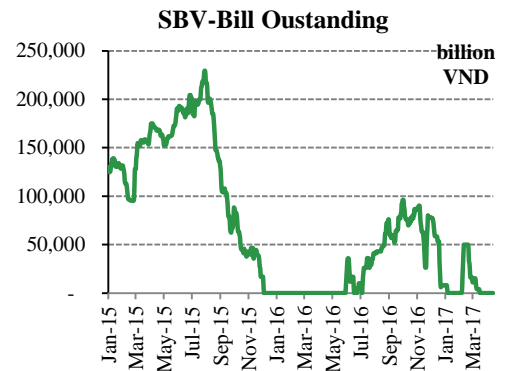
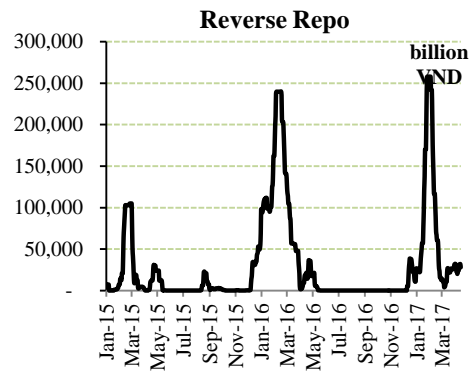


Source: Bloomberg, VCBS

Open Market Operation

SBV net injected VND4,023 bn this week.

SBV net-injected VND4,023 bn via OMO channels this week. The amount only came from reverse repo activity. VND24,000 bn was due while VND28,023 bn was newly offered. SBV shall maintain the plan of using Reverse repo to manage market through OMO channel. Liquidity was not abundant.



Source: Bloomberg, VCBS

END.

APPENDICES

Bond Auctions

Auction date	Tenor	Offering volume	Registering volume	Winning volume	Ceiling rate (%)	Winning rate (%)	Winning/ Offering	No. of bidders	Issuer
ST bills									
Government and government-backed bonds									
13-Apr-17	7Y	1000	1911	610	0	5.43	61.00%	7	ST
13-Apr-17	30Y	2600	9913.518	2600	0	7.79	100.00%	10	ST
13-Apr-17	15Y	1300	3201	1300	0	6.79	100.00%	8	ST
13-Apr-17	5Y	1000	3751	1000	0	5.1	100.00%	13	ST
13-Apr-17	20Y	1300	5525	1300	0	7.36	100.00%	11	ST

Secondary Market

Issuer	Week 03-07 April		Week 17-21 April	
	Value	Value share	Value	Value share
Outright				
ST	11,174	93.63%	12,645	87.30%
VDB	725	6.08%	1,702	11.75%
VBSP	35	0.29%	138	0.95%
Others	-	0.00%	-	0.00%
<i>Subtotal (1)</i>	11,934	100.00%	14,485	100.00%
Repo				
Repo	19,843	54.43%	27,099	49.24%
Reserve Repo	16,612	45.57%	27,935	50.76%
<i>Subtotal (2)</i>	36,455	100.00%	55,034	100.00%
ST bills				
Outright	-	-	-	-
Repo	-	-	-	-
<i>Subtotal (3)</i>	-	-	-	-
Total (1)+(2)+(3)	48,389		69,519	

Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
01/09-10/13	23,342	57,141	34799	57,141	0	0	0	0
01/16-01/20	0	109,030	109,030	161,171	0	0	0	0
01/23-01/27	15,412	103,260	87,848	254,019	0	0	0	0
01/30-02/03	16,105	0	(16,105)	237,914	0	0	0	0
02/06-02/10	126,990	1,843	(125,147)	112,768	0	49,900	49,900	49,900
02/13-02/17	70,023	17,953	(52,070)	60,698	0	0	0	49,900
02/20-02/24	60,698	15,715	(44,983)	15,715	49,900	16,000	(33,900)	16,000
02/27-03/03	15,715	10,860	(4,855)	10,860	7,000	6,100	(900)	15,100
03/06-03/10	10,860	10,542	(318)	10,542	11,100	0	(11,100)	4,000
03/13-03/27	10,542	22,375	11,833	22,375	4,000	0	(4,000)	0
03/20-03/24	22,375	25,689	3,314	25,689	0	0	0	0
03/27-03/31	25,689	32,000	6,311	32,000	0	0	0	0
04/03-04/07	32,000	24,000	(8,000)	24,000	0	0	0	0
04/10-04/14	24,000	28,023	4,023	28,023	0	0	0	0

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