

Fixed-Income Report

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In this issue

- Round up
- Bond market
- Interest rates

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See Disclaimer at Page 5

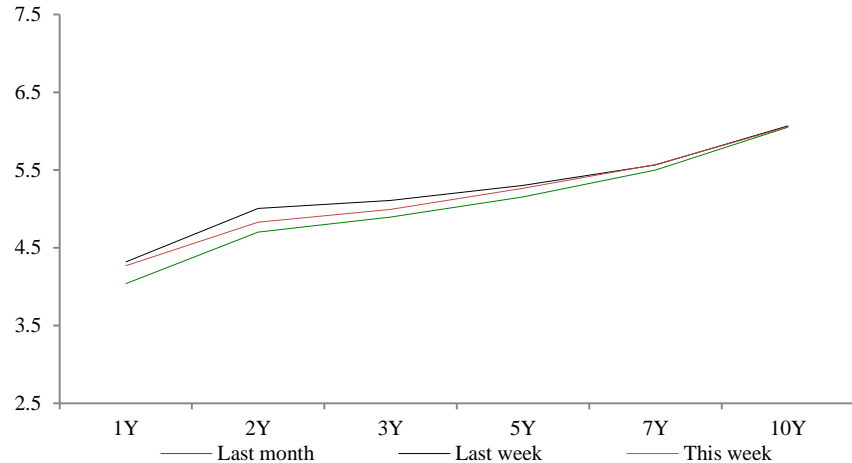
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Round-up

**Demand for long-term bond was slowdown in primary market.
Active trading in secondary market.
Yield curve became less flattened.**

Bond Yields



Source: Bloomberg, VCBS

- VND3,268 bn (+105.53% wow) worth of bond was issued. VND37,784 (+58.31% wow) was traded on the secondary market.
- Yield curve became less flattened compared to last week as short-term bond yields ticked down while long term-bond yields experienced a minor change. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y and 10Y bond yields posted at 4.27% (-5bps), 4.83% (-17.4bps), 4.994% (-11.4 bps), 5.264% (-4 bps), 5.57% (+0.6 bps) and 6.065% (+0 bps), respectively.
- During these days, there are no unexpected events which may create some specific effect. Therefore, bond yields shall fluctuate in a tight band next week.
- Interbank rates ticked down marginally. In details, ON – 3M rates respectively posted at 4.4%, 4.5%, 4.6%, 4.692% and 4.8%, according to Bloomberg data.
- Foreign investors net sold VND1,732 bn this week.
- SBV net withdrew VND18,460 bn this week via OMO channels.

Bond Market

Primary Market

The amount of bond issued pressed lower frictionally compared to last week.

VND3,268 bn (+105.53% wow) worth of bond was issued.

VND3,268 bn (+105.53% wow) worth of bond was issued. All the amount issued belonged to State Treasury (ST). The average registering-to-offering ratio posted at 2,75 times. The winning-to-offering ratio was 71.04%, which was lower considerably than last month.

For ST-Bond, 5Y, 7Y, 20Y and 30Y winning rates stayed at 5.22% (+0 bps); 5.50% (+2 bps); 7.09 (-1 bps) and 7.63% (+0 bps) respectively. Winning rates at all tenors did not change much this week.

It seemed that demand for 30Y was no longer strong, as market participants were unwilling to accept such a low level of winning rate. On the other hand, the winning-offering ratio at 5Y bond and 7Y bond was 100%.

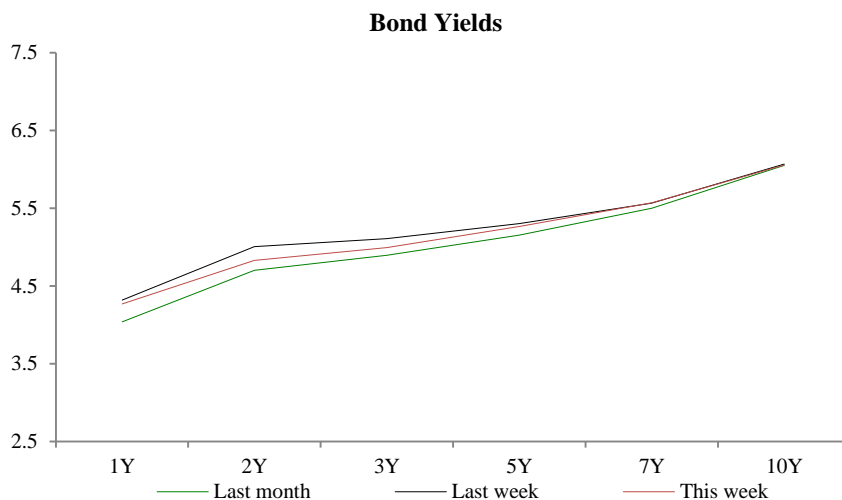
Secondary Market

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

VND37,784 bn (+58.31% wow) was traded on the secondary market.

VND37,784 bn (+58.31% wow) was traded on the secondary market. Outright and repo values were at VND20,429 bn and VND17,355 bn respectively. For outright activity, ST-Bond kept dominating trading volume with 81.7% while the rest belonged to VDB. The increase in trading value last week resulted from the fact that there were only three trading sessions in the previous week.

Yield curve became less flattened compared to last week as short-term bond yields ticked down while long term-bond yields experienced a minor change. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y and 10Y bond yields posted at 4.27% (-5bps), 4.83% (-17.4bps), 4.994% (-11.4 bps), 5.264% (-4 bps), 5.57% (+0.6 bps) and 6.065% (+0 bps), respectively. During these days, there are no unexpected events which may create some specific effect on bond market. Therefore, bond yields shall fluctuate in a tight band next week. The new movement, if any, shall be recorded at the beginning of June on the verge of FOMC meeting in June.

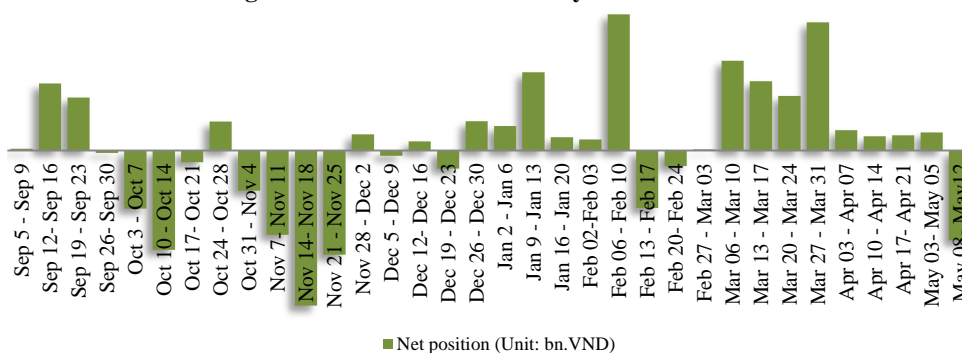


Source: Bloomberg, VCBS

Foreign investors net sold VND1,732 bn this week.

Foreign investors net sold VND1,732 bn this week and put a stop to eight weeks net-bought value in consecutive. Remarkably, foreign sold in almost all tenors. We will keep a close track to these investors' movement because according to historical data, after strong net bought/sold of the foreign there would be a strong fluctuation in bond yields.

Foreign Investment in the secondary market 2016-2017



Source: HNX, VCBS

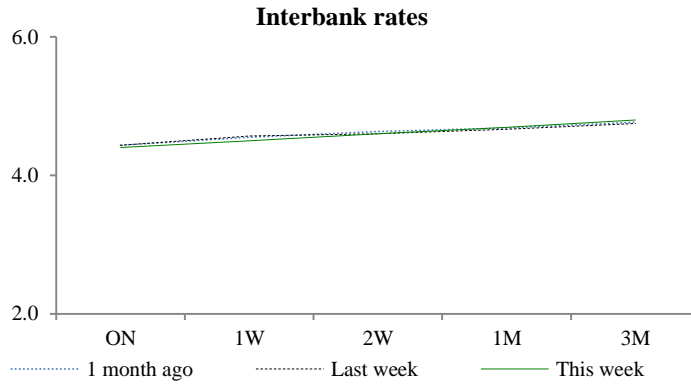
INTEREST RATE

Interbank Rates

Interbank rates ticked down marginally.

Interbank rates ticked down marginally. In details, ON – 3M rates respectively posted at 4.4%, 4.5%, 4.6%, 4.692% and 4.8%, according to Bloomberg data.

It can be clearly seen that interbank rates have settled at a high level for a long period of time. In comparison with the same period last year, interbank rates also recorded high. As mentioned in previous reports, at the present it will be unlikely that interbank rate will press lower. Next week, we believe that interbank rate will fluctuate in a tight band as no specific move will occur next week.

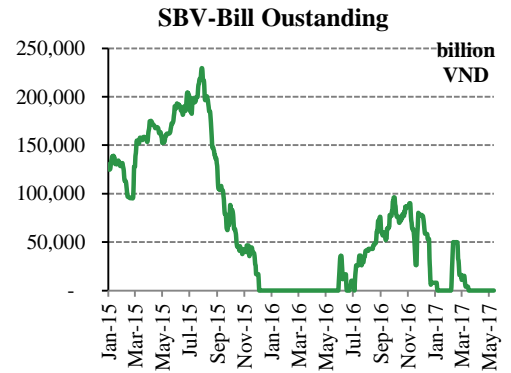
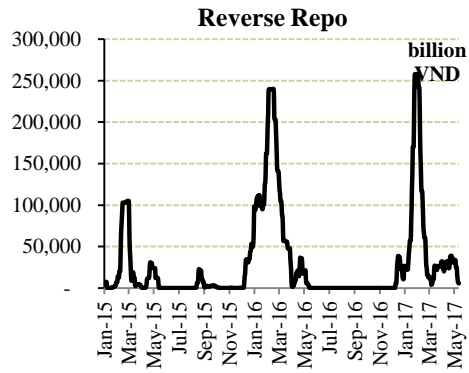


Source: Bloomberg, VCBS

Open Market Operation

SBV net withdrew VND18,460 bn this week via OMO channels.

SBV net-injected VND18,460 bn via OMO channels this week. The amount only came from reverse repo activity. VND25,000 bn was due while VND6,450 bn was newly offered. As every factor is quite stable, there will no sudden change in OMO channel.



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									
11-May-17	30Y	1000	1469	318	0	7.63	31.80%	7	ST
11-May-17	7Y	1300	3692	1300	0	5.5	100.00%	11	ST
11-May-17	20Y	1000	2255	350	0	7.09	35.00%	9	ST
11-May-17	5Y	1300	5251	1300	0	5.22	100.00%	14	ST

Secondary Market

Issuer	Week 03-05 May		Week 08-12 May	
	Value	Value share	Value	Value share
Outright				
ST	7,422	67.25%	16,687	81.69%
VDB	3,615	32.75%	3,741	18.31%
VBSP	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
<i>Subtotal (1)</i>	11,037	100.00%	20,428	100.00%
Repo				
Repo	12,829	49.39%	17,354	48.46%
Reserve Repo	13,144	50.61%	18,460	51.54%
<i>Subtotal (2)</i>	25,973	100.00%	35,814	100.00%
ST bills				
Outright	-	-	-	-
Repo	-	-	-	-
<i>Subtotal (3)</i>	-	-	-	-
Total (1)+(2)+(3)	37,010		56,242	

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	34,799	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
04/17-04/21	28,023	38,000	9,977	38,000	0	0	0	0
04/24-04/28	38,000	31,000	(7,000)	31,000	0	0	0	0
05/03-05/05	13,000	7,000	(6,000)	25,000	0	0	0	0
05/08-05/12	25,000	6,450	(18,460)	6,540	0	0	0	0

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