

Fixed-Income Report

Oct 15th-19th/2018

In this issue

- Round up
- Bond market
- Interest rates

Le Thu Ha

+84 24 3936 6990 (ext. 7182)

ltha_ho@vcbs.com.vn

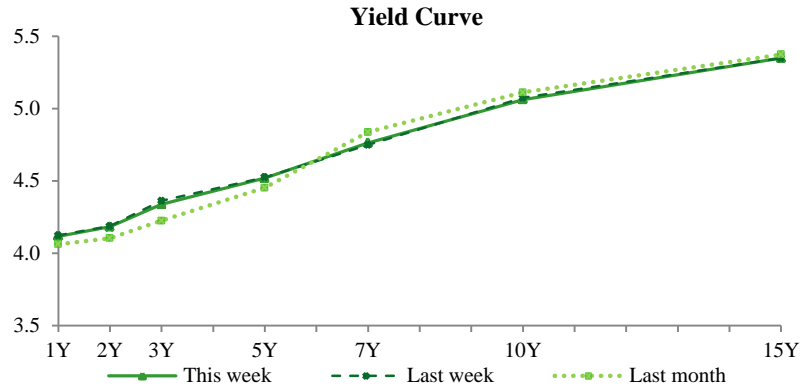
See Disclaimer at Page 5

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

www.vcbs.com.vn/vn/Services/AnalysisResearch

Round-up

**Primary market was still in active.
Yield curve experienced a minor change.
Interbank rate increased slightly.**



Source: Bloomberg, VCBS

- VND 1,361 bn was mobilized this week. VND 32,716 bn (+14.6% wow) was traded on the secondary market.
- Yield curve experienced minimal this week. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 4.118% (-0.5 bps), 4.183% (-0.5 bps), 4.338% (-2.5 bps), 4.52% (-0.5 bps), 4.763% (+1.3 bps), 5.063% (-1.2 bps) and 5.35% (0 bps) respectively.
- Interbank rate increased slightly this week. In details, ON – 3M rates respectively posted at 3%, 3.2%, 3.417%, 3.733% and 4.35% according to Bloomberg data.
- Foreign investors net sold roughly VND 430 bn this week.
- SBV net injected VND 350 bn via OMO channel.

VCBS Commentary Oct 22nd – 26th

- Although domestic macroeconomics indexes at the moment did not record negative performance, market was still laggard and inactive due to certain concern about worldwide movement. As mentioned in the previous report, due to unfavorable condition, it is unlikely that bond yields in upcoming weeks will pull back strongly regardless of the stability of macroeconomic factor. Also, we should bear in mind that seasonal factor will show up as it is getting closer to the year-end.
- In the upcoming weeks, we believe that interbank rates may decrease slightly because foreign currencies demand has been met. However, the downward force if only shall be fractional because we are approaching year-end time.

Bond Market

Primary Market

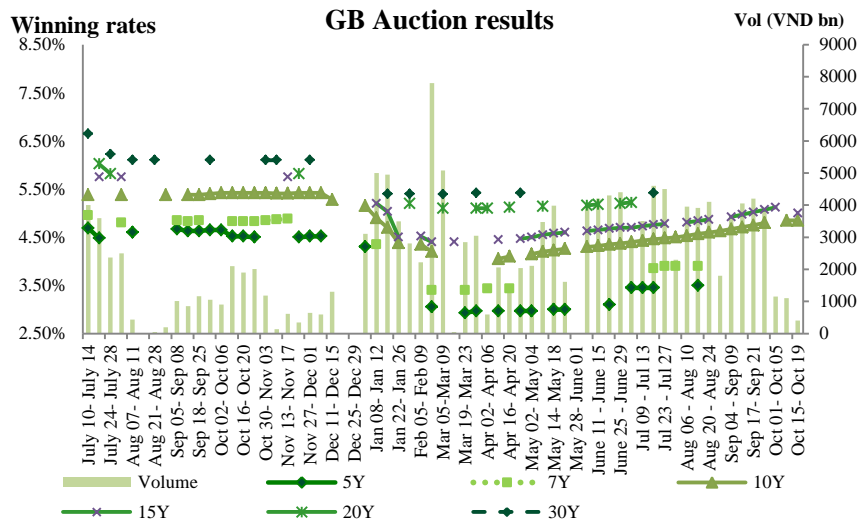
Winning rates inched up.

VND 1,361 bn was mobilized this week.

VND 1,361 bn was mobilized this week from ST and VBSP. For ST bond, only VND 411 bn worth of bond issued at 5Y, 10Y & 15Y. Winning rates for 5Y, 10Y and 15Y were at 4.1 (+8 bps), 4.85% (+0bps) and 5% (-12bps) respectively. Note that for 5Y only a small quantity VND 100 bn out of VND 1,000 bn offered (~10%) was successfully mobilized. The remaining tenors (20Y) were failed to be issued.

The registered volume to offering volume ratio for 5Y, 10Y, & 15Y tenors were 3.6, 2.79, and 1.63 respectively. Winning –to offering ratio was only 11.7%.

VBSP successfully mobilized VND 950 bn worth of bond this week of 15Y at 6% while the auctions for 10Y tenors failed.



Source: HNX, VCBS

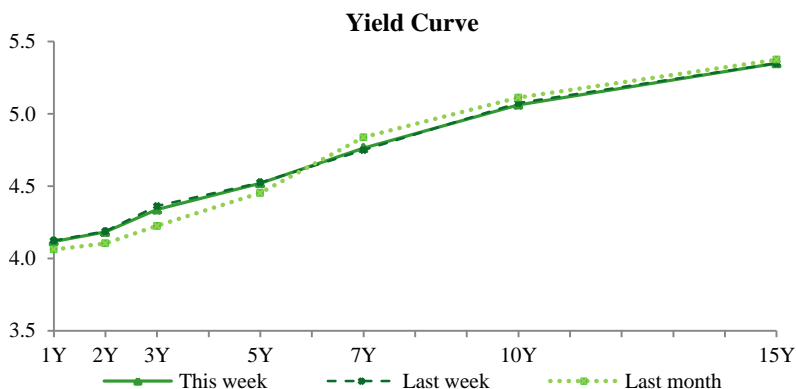
Secondary Market

Market participants were inactive this period.

VND 32,716 bn (+14.6% wow) was traded on the secondary market.

VND 32,716 bn (+14.6% wow) was traded on the secondary market. Outright and repo values were at VND 11,813 bn and VND 20,903 bn respectively. Regarding outright, ST-Bond kept dominating trading volume with 100%. Remarkably, this week a large proportion of bond trading (52%) still belonged to short-term bond (below 5Y tenors).

Yield curve experienced minimal change this week. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 4.118% (-0.5 bps), 4.183% (-0.5 bps), 4.338% (-2.5 bps), 4.52% (-0.5 bps), 4.763% (+1.3 bps), 5.063% (-1.2 bps) and 5.35% (0 bps) respectively.

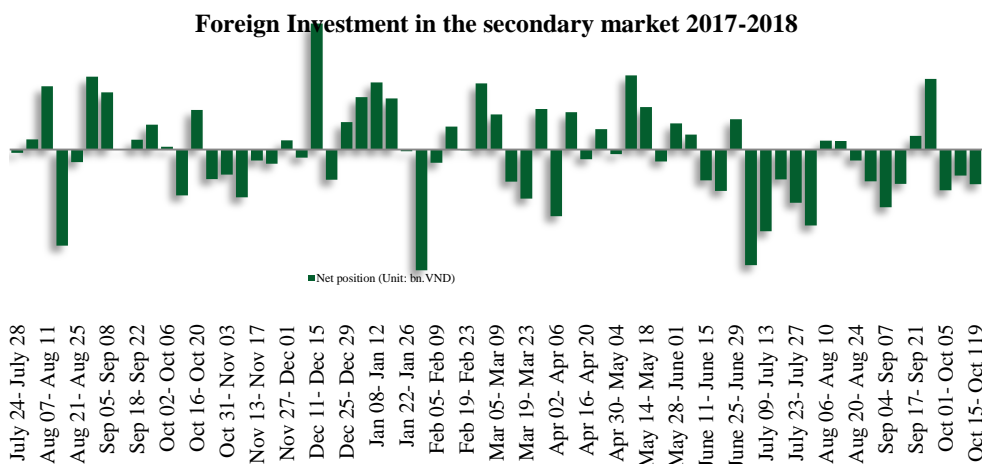


Source: Bloomberg, VCBS

Although domestic macroeconomics indexes at the moment did not record negative performance, market was still laggard and inactive due to certain concern about worldwide movement. As mentioned in the previous report, due to unfavorable condition, it is unlikely that bond yields in upcoming weeks will pull back strongly regardless of the stability of macroeconomic factor. Also, we should bear in mind that seasonal factor will show up as it is getting closer to the year-end.

Foreign investors net sold roughly VND 430 bn this week.

Foreign investors net sold roughly VND 430 bn this week, which focused on long-term bond of 25-30Y. We do not speak highly chance that foreign activities will soon active again in the bond market especially when worldwide market still experienced uncertainties.



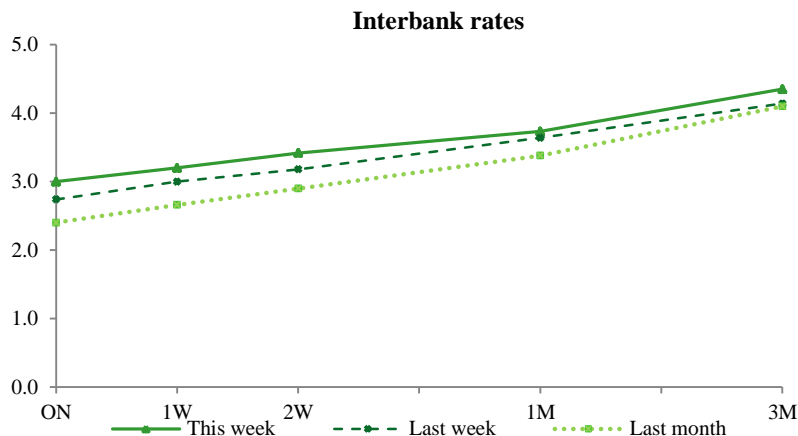
Source: HNX, VCBS

INTEREST RATE

Interbank Rates

Interbank rate increased slightly this week.

Interbank rate increased slightly this week. In details, ON – 3M rates respectively posted at 3%, 3.2%, 3.417%, 3.733% and 4.35% according to Bloomberg data.



Source: Bloomberg, VCBS

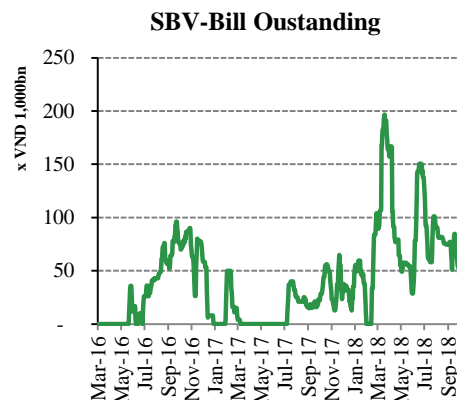
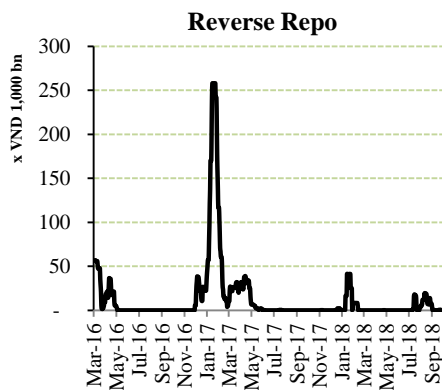
In the last three weeks, SBV sold an amount of foreign currency to meet the demand of the market. At the same time, interbank rates also ticked up slightly so as to minimize the difference between rates of VND and USD traded in the interbank market.

In the upcoming weeks, we believe that interbank rates may decrease slightly because foreign currencies demand has been met. However, the downward force if only shall be fractional because we are approaching year-end time.

Open Market Operation

SBV net injected VND 350 bn via OMO channel.

SBV net injected VND 350 bn via OMO channel. For Outrights, VND 1,900 bn of SBV bills matured this week. Meanwhile, the issuance of new bills was only VND 1,550 bn at the time to maturity of 14 days at rate of 3%, unchanged compared to last week.



Source: Bloomberg, VCBS

END.

APPENDICES

Bond Auctions

Auction date	Tenor	Offering volume	Registering volume	Winning volume	Register to Offering Ratio	Winning rate (%)	Winning/Offering	Issuer
ST bills								
Government and government-backed bonds								
17-Oct-18	5Y	1,000	3,601	100	3.60	4.1	10.00%	ST
17-Oct-18	15Y	1,000	1,625	25	1.63	5	2.50%	ST
17-Oct-18	10Y	1,000	2,786	286	2.79	4.85	28.60%	ST
17-Oct-18	20Y	500	250	-	0.50	0	0.00%	ST
15-Oct-18	10Y	190	200	-	1.05	0	0.00%	VBSP
15-Oct-18	15Y	1,000	1,151	950	1.15	6	95.00%	VBSP

Secondary Market

Issuer	Week 08-12 Oct		Week 15-19 Oct	
	Value	Value share	Value	Value share
Outright	11,060	83.84%	11,813	100.00%
	996	7.55%	-	0.00%
	1,136	8.61%	-	0.00%
	-	0.00%	-	0.00%
Repo	13,192	100.00%	11,813	100.00%
Outright	15,356	42.08%	20,903	48.75%
Repo	21,140	57.92%	21,975	51.25%
Subtotal (3)	36,497	100.00%	42,878	100.00%
ST bills	-		-	
	-		-	
Total (1)+(2)+(3)	49,689		54,691	

Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
05/21-05/25	0	0	0	0	1,700	0	(1,700)	55,840
05/28-06/01	0	0	0	0	1,700	0	(1,700)	54,140
06/04-06/08	0	0	0	0	45,740	20,300	(25,440)	28,700
06/11-06/15	0	0	0	0	8,400	57,800	49,400	78,100
06/18-06/22	0	0	0	0	0	65,100	65,100	143,200
06/25-06/29	0	19	0	19	0	7,300	7,300	150,499
07/02-07/06	0	0	0	0	20,300	7,510	(12,790)	137,709
07/09-07/13	0	0	0	0	55,800	10,571	(45,229)	92,480
07/16-07/20	0	993	993	993	31,200	0	(31,200)	61,281
07/23-07/27	993	17,000	16,007	17,000	3,200	0	(3,200)	58,081
07/30-08/03	17,000	0	(17,000)	0	6,010	48,960	42,950	101,030
08/06-08/10	0	4,096	4,096	4,096	8,500	3,400	(5,100)	90,730
08/13-08/17	4,096	12,089	7,993	12,089	10,100	700	(9,400)	81,330
08/20-08/24	12,089	18,982	6,893	18,982	700	702	2	81,332
08/27-08/31	18,982	7,702	(11,280)	7,702	6,802	1,100	(5,702)	75,630
09/03-09/07	7,702	7,349	(353)	7,349	1,100	0	(1,100)	74,530
09/10-09/14	7,349	330	(7,019)	330	2,000	4,500	2,500	77,030
09/17-09/21	330	20	(310)	20	36,400	22,830	(13,570)	63,461
09/24-09/28	20	456	436	456	10,500	25,620	15,120	78,581
10/05 -10/01	456	217	(239)	217	29,980	5,340	(24,640)	53,941
10/08 -10/12	217	0	(217)	0	22,981	4,400	(16,801)	37,140
10/15 -10/19	0	0	0	0	1,900	1,550	(350)	36,790

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 (hereafter, 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

Head of Research

tmhoang@vcbs.com.vn

Le Thu Ha

Senior Analyst- Economic research

ltha_ho@vcbs.com.vn

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
Nam Sai Gon 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 7th, Vietcombank An Giang Tower, 30-32 Hai Ba Trung,, My Long Ward, Long Xuyen City, An Giang Province Tel: (84-76)-3949843
Dong Nai Representative Office	1st & 2nd Floor, 79 Hung Dao Vuong, Ward Trung Dung, 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: (+84-31) 382 1630
Binh Duong Representative Office	Floor 3th, 516 Cach Mang Thang Tam Street, Phu Cuong Ward, Thu Dau Mot City, Binh Duong Province. Tel: (+84-650) 3855 771