

**Fixed-Income Report**

**Jan 21<sup>st</sup> - 25<sup>th</sup>/2019**

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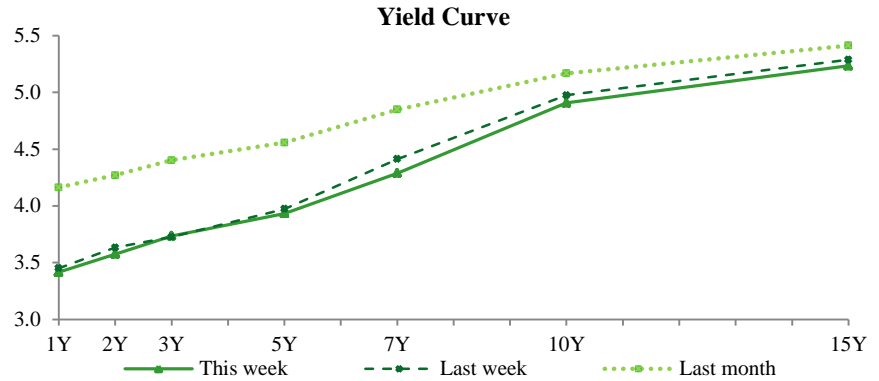
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**Round-up**

**Winning volume was high for 15Y tenor.  
Bond yields fluctuate in a tight band.  
Interbank decreased especially for ON.**



Source: Bloomberg, VCBS

- VND 6,195 bn was mobilized this week. VND 35,452 bn (-14.44% wow) was traded on the secondary market.
- Bond yields fluctuated in a tight band, yield curve was almost unchanged last week. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted 3.396% (-1.9 bps), 3.585% (+1 bps), 3.6915% (-4.35 bps), 3.8805% (-5.25 bps), 4.2265% (-6.15 bps), 4.8815% (-2.65 bps) and 5.194% (-4.1 bps) respectively.
- Interbank rate kept decrease especially ON-rate thanks to better VND liquidity. The fact that a large amount of foreign currencies being purchased by SBV helped to eased the tight liquidity before Tet holiday. In details, ON – 3M rates respectively posted at 3.5%, 3.8%, 4%, 4.5% and 5% according to Bloomberg data..
- Foreign investors net bought roughly VND 1,552 bn this week.
- SBV net injected VND 47,520.9 bn via OMO channel.

**VCBS Commentary Jan 28<sup>th</sup> – Feb 01<sup>st</sup>**

- Next week, FOMC will take place with an expectation of unchanged level of interest rate. We believe that in the last week before Lunar new year, there will be no sudden change in worldwide market. Hence, we believe that, bond yield will experience minimal change this period.
- We did not change our view that when it is getting closer to Tet holiday, the harder for interbank rates to press lower in the context of no special supportive news in the market. However, after a long holiday, liquidity shall gradually be more abundant because resources return to money market.

**Bond Market**

**Primary Market**

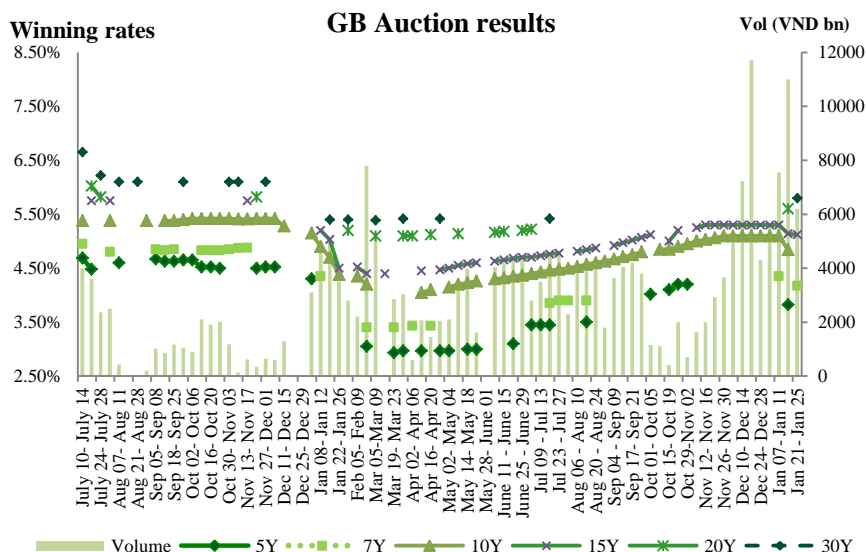
**Winning volume was high for 15Y tenor.**

**VND 6,195 bn was mobilized this week.**

**VND 6,195 bn was mobilized this week from ST. In detail, VND 1,300 bn, VND 4,500 bn, and VND 395 bn worth of bond issued at 7Y, 15Y & 30Y tenors. Winning rates for 7Y, 15Y & 30Y were 4.17% (-18 bps), 5.12% (-2 bps) and 5.80% (+38 bps) respectively.**

Winning volume was high for 15Y tenor. Meanwhile, the registered volume to offering volume ratio for 7Y, 15Y & 30Y tenors were 2.86, 2.64 and 5.23 respectively. Winning –to offering ratio was 85%.

VBSP and VDB did not mobilize bond this week.



Source: HNX, VCBS

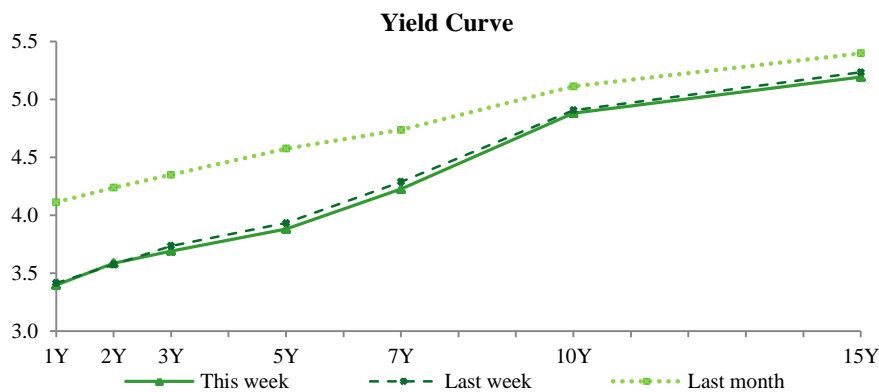
**Secondary Market**

**Short-term bond yields decreased. Liquidity increased considerably.**

**VND 35,452 bn (-14.44% wow) was traded on the secondary market.**

**VND 35,452 bn (-14.44% wow) was traded on the secondary market. Outright and repo values were at VND 15,379 bn and VND 17,862 bn respectively. Regarding outright, ST-Bond kept dominating trading volume with 93%. Remarkably, this week a large proportion of bond trading (65%) belonged to short-term bond (<5year) followed by long-term bond (>10 year) (19%).**

**Bond yields fluctuated in a tight band, yield curve was almost unchanged last week.** According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted 3.396% (-1.9 bps), 3.585% (+1 bps), 3.6915% (-4.35 bps), 3.8805% (-5.25 bps), 4.2265% (-6.15 bps), 4.8815% (-2.65 bps) and 5.194% (-4.1 bps) respectively.

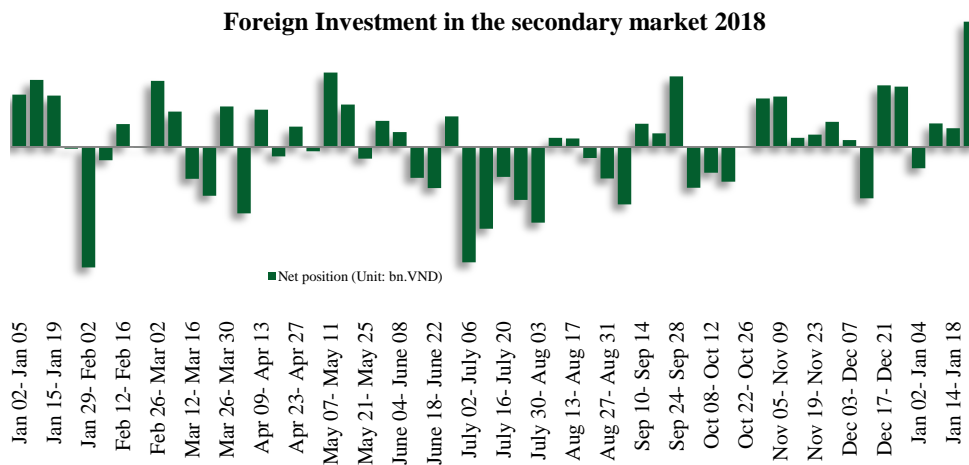


Source: Bloomberg, VCBS

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**Foreign investors net bought roughly VND 1,552 bn this week.**

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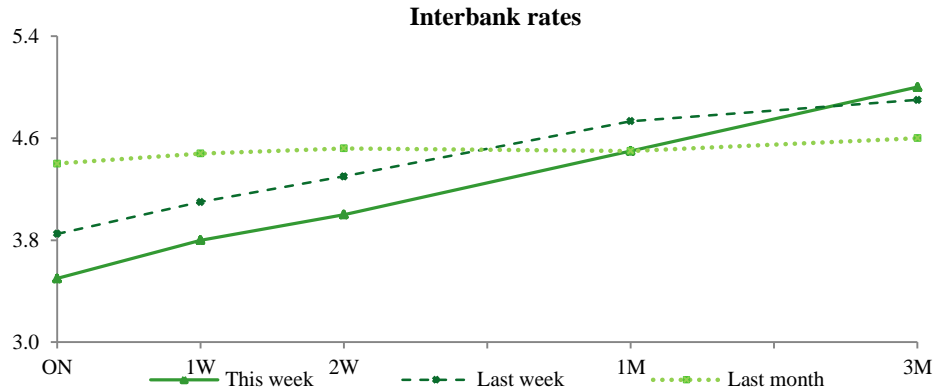
Source: HNX, VCBS

**INTEREST RATE**

**Interbank Rates**

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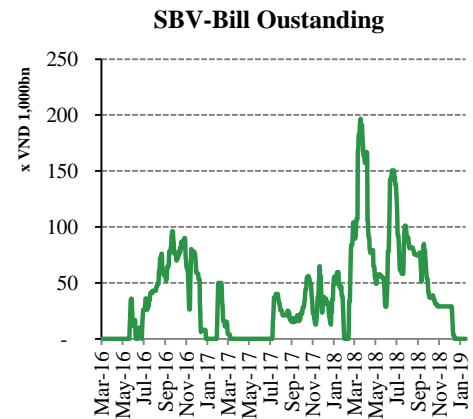
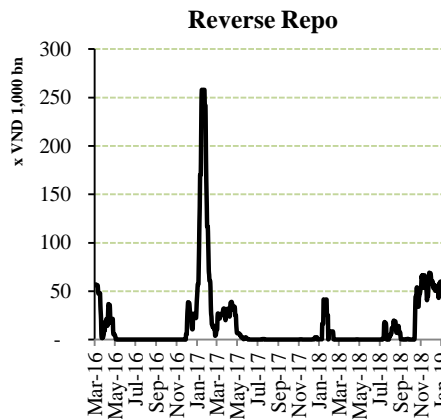
Source: Bloomberg, VCBS

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**Open Market Operation**

**SBV net injected VND 47,520.9 bn via OMO channel.**

**SBV net injected VND 47,520.9 bn via OMO channel.** Prior to Lunar new year, SBV extended term for repo activities to 28-day at an unchanged rate of 4.75% to meet short-term liquidity demand. Given seasonal factor into consideration, we believe that it is normal to have a VND 100,000 worth of repo outstanding at this time of the year.



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
<b>ST bills</b>								
<b>Government and government-backed bonds</b>								
23-Jan-19	7Y	2,000	5,710	1,300	2.86	4.17	65.00%	ST
23-Jan-19	30Y	500	2,615	395	5.23	5.8	79.00%	ST
23-Jan-19	15Y	4,500	11,881	4,500	2.64	5.12	100.00%	ST

### Secondary Market

Issuer	Week 14-18 Jan		Week 21-25 Jan	
	Value	Value share	Value	Value share
<b>Outright</b>	17,736	89.50%	18,716	93.24%
	2,081	10.50%	1,325	6.60%
	-	0.00%	32	0.16%
	-	0.00%	-	0.00%
<b>Repo</b>	19,817	100.00%	20,073	100.00%
Outright	21,585	48.28%	15,379	46.26%
Repo	23,120	51.72%	17,862	53.74%
<i>Subtotal (3)</i>	44,705	100.00%	33,241	100.00%
<b>ST bills</b>				
<b>Total (1)+(2)+(3)</b>	<b>64,522</b>		<b>53,314</b>	

### Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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
10/22- 10/26	0	44,345	44,345	44,345	4,280	2,000	(2,280)	34,510
10/29- 11/02	44,345	34,000	(10,346)	34,000	3,550	0	(3,550)	30,960
11/05- 11/09	34,000	52,658	18,659	52,658	2,000	0	(2,000)	28,960
11/12- 11/16	52,658	58,566	5,907	58,566	0	0	0	28,960
11/19- 11/23	58,566	63,655	5,089	63,655	0	0	0	28,960
11/26- 11/30	63,655	44,785	(18,870)	44,785	0	0	0	28,960
12/03- 12/07	44,785	68,313	23,528	68,313	0	0	0	28,960
12/10- 12/14	68,313	60,033	(8,280)	60,033	0	0	0	28,960
12/17- 12/21	60,033	52,799	(7,234)	52,799	25,960	0	(25,960)	3,000
12/24- 12/28	52,799	51,064	(1,735)	51,064	3,000	0	(3,000)	0
01/02- 01/05	29,048	30,640	6,574	57,638	0	0	0	0
01/07- 01/11	52,656	47,823	(4,803)	52,835	0	0	0	0
01/14- 01/18	47,853	52,815	4,962	52,815	0	0	0	0
<b>01/21 - 01/25</b>	<b>52,814.9</b>	<b>100,335.8</b>	<b>47,520.9</b>	<b>100,335.8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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