

**Fixed-Income Report**

**Feb 18<sup>th</sup> - 22<sup>nd</sup>/2019**

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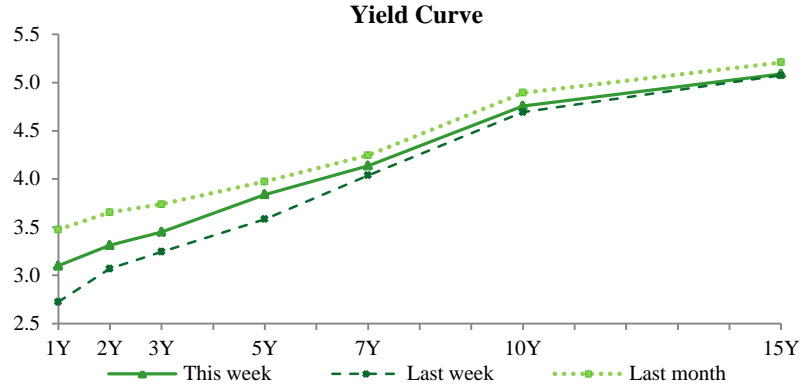
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**Round-up**

**Winning volume decrease at all tenors.  
Bond yields rebounded after strongly decreased in January.  
Interbank gradually decreased.**



Source: Bloomberg, VCBS

- VND 3,950 bn was mobilized this week. VND 63,781 bn (+93.78%) was traded on the secondary market.
- Bond yield ticked up slightly after plummeted in January. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 3.1% (+37.5 bps), 3.313% (+24.3 bps), 3.45% (+20.5 bps), 3.838% (+25.5 bps), 4.138% (+10 bps), 4.758% (+6.5 bps) and 5.09% (+1.5 bps) respectively.
- Interbank rate kept decreasing this week. In details, ON – 3M rates respectively posted at 3.867%, 3.8%, 3.9%, 4.033% and 4.3% according to Bloomberg data.
- Foreign investors net bought roughly VND 578 bn this week.
- SBV net injected VND 93,228 bn via OMO channel.

**VCBS Commentary Feb 25<sup>th</sup> – March 01<sup>st</sup>**

- With the better liquidity in money market we believe that the upward force on bond yield last week will not last long. Instead, the downward force will soon returned to the market especially for the short-term tenors, which are sensitive to interbank rates.
- In upcoming weeks, we believe that there is still room for interbank rates to decrease more given that: (1) Liquidity from financial institutions will be better as the amount of bonds matured in 2019 will focus on the first half while credit growth will only at moderate level. (2) In addition, public disbursement for infrastructure shall increase strongly at least till the end of the first half of 2019.

**Bond Market**

**Primary Market**

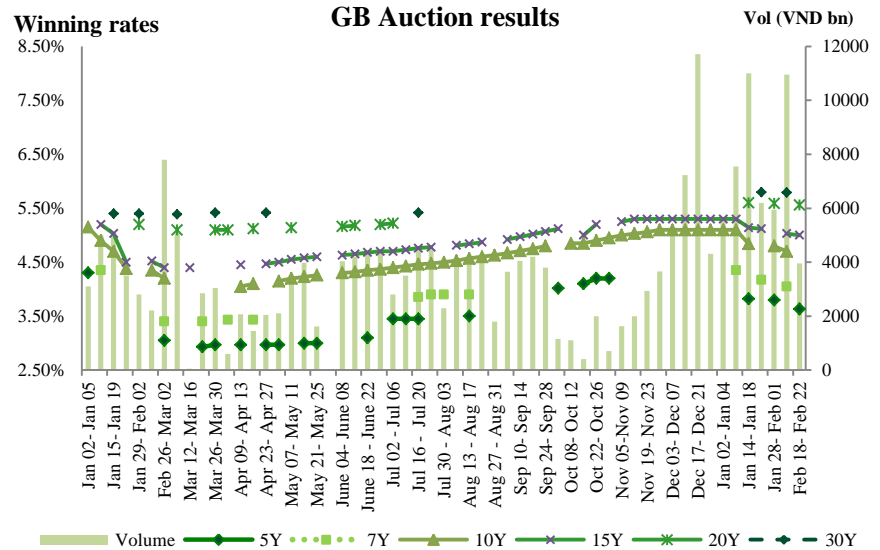
**Winning rates decreased at all tenor**

**VND 3,950 bn was mobilized this week.**

**VND 3,950 bn was mobilized this week from ST. In detail, beside VND 650; VND 2,900 worth and VND 400 bn of bond issued at 5Y, 15Y & 20Y tenors. Winning rates for 5Y, 15Y & 20Y were 3.63% (-17 bps), 5% (-3 bps) and 5.56% (-3 bps) respectively.**

Winning volume was high for 15Y tenor. Meanwhile, the registered volume to offering volume ratio for 5, 15Y & 20Y tenors were 3.8, 3.67 and 2.2 respectively. Winning –to offering ratio was 79%.

VBSP and VDB did not mobilize bond this week.



Source: HNX, VCBS

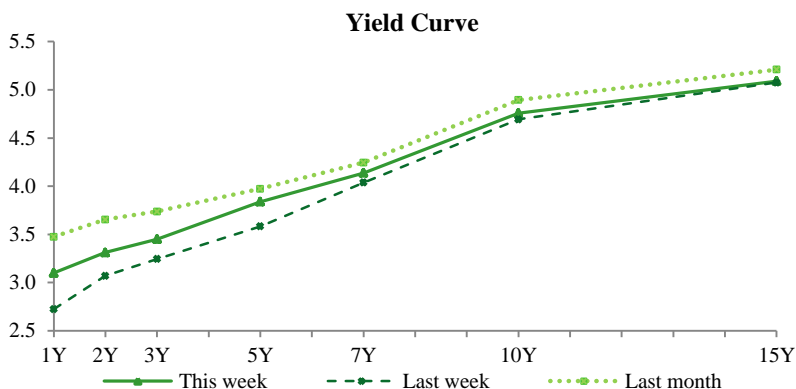
**Secondary Market**

**Repo trading volume boomed this week.**

**VND 63,781 bn (+93.78%) was traded on the secondary market.**

**VND 63,781 bn (+93.78%) was traded on the secondary market with the booming from repo. Outright and repo values were at VND 25,364 bn and VND 38,436 bn respectively. Regarding outright, ST-Bond kept dominating trading volume with 91%. Remarkably, this week a large proportion of bond trading (64%) belonged to short-term bond (<5year) followed by long-term bond (>10 year) (20%). Active trading in repo activities can be explained by better liquidity in money market.**

**Bond yield ticked up slightly after plummeted in January.** According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 3.1% (+37.5 bps), 3.313% (+24.3 bps), 3.45% (+20.5 bps), 3.838% (+25.5 bps), 4.138% (+10 bps), 4.758% (+6.5 bps) and 5.09% (+1.5 bps) respectively.

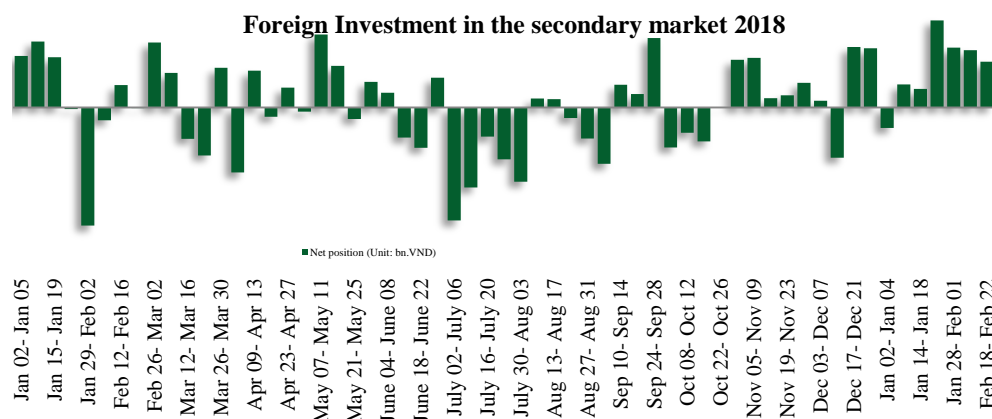


Source: Bloomberg, VCBS

With the better liquidity in money market we believe that the upward force on bond yield last week will not last long. Instead, the downward force will soon returned to the market especially for the short-term tenors, which are sensitive to interbank rates. Besides better liquidity in the market, supporting argument is better sentiment of investors in the market given that (1) FED 's interest lifting shall be behind the schedule next year. Also (2) there is also good news regarding uncertainties factor in the worldwide market.

**Foreign investors net bought roughly VND 578 bn this week.**

**Foreign investors net bought roughly VND 578 bn this week.** Therein, foreign recorded net bought value at almost all tenors. It should be note that normally, in the first quarter, Foreign tended to recorded net bought value.



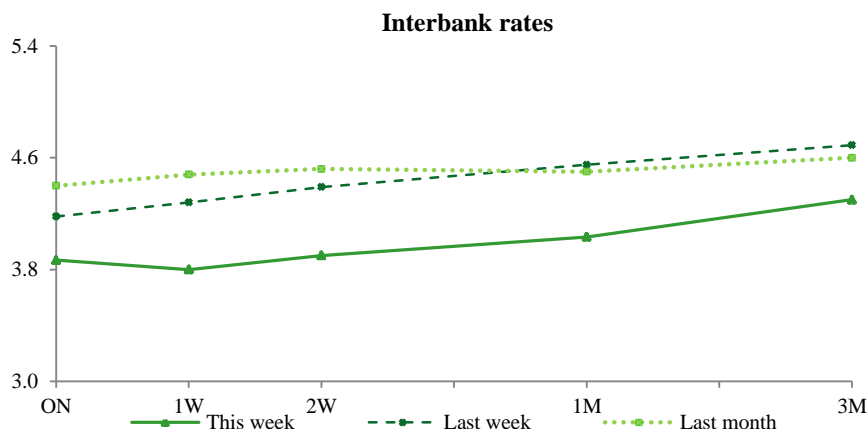
Source: HNX, VCBS

## INTEREST RATE

### Interbank Rates

**Interbank rate kept decreasing this week.**

**Interbank rate kept decreasing this week.** In details, ON – 3M rates respectively posted at 3.867%, 3.8%, 3.9%, 4.033% and 4.3% according to Bloomberg data.



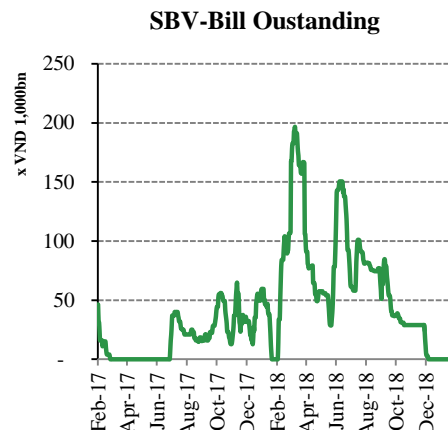
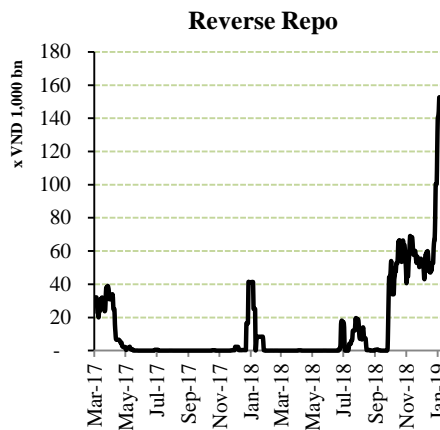
Source: Bloomberg, VCBS

In upcoming weeks, we believe that there is still room for interbank rates to decrease more given that: (1) Liquidity from financial institutions will be better as the amount of bonds matured in 2019 will focus on the first half while credit growth will only at moderate level. (2) In addition, public disbursement for infrastructure shall increase strongly at least till the end of the first half of 2019. (3) Pressure on exchange rates cooled down.

**Open Market Operation**

**SBV net injected VND 93,228 bn via OMO channel.**

**SBV net injected VND 93,228 bn via OMO channel.** The outstanding of reverse repo decreases significantly, which indicated that liquidity returned to the market after seasonal factor came to an end. This is considered a good signal to the market.



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>								
20-Feb-19	20Y	500	1,100	400	2.20	5.56	80.00%	ST
20-Feb-19	15Y	3,000	11,000	2,900	3.67	5	96.67%	ST
20-Feb-19	5Y	1,500	5,701	650	3.80	3.63	43.33%	ST

### Secondary Market

Issuer	Week 11-15 Feb		Week 18-22 Feb	
	Value	Value share	Value	Value share
<b>Outright</b>	20,061	91.00%	23,168	91.41%
	1,983	9.00%	2,178	8.59%
	-	0.00%	-	0.00%
	-	0.00%	-	0.00%
<b>Repo</b>	22,045	100.00%	25,346	100.00%
Outright	10,731	33.15%	38,436	63.56%
Repo	21,639	66.85%	22,032	36.44%
Subtotal (3)	32,370	100.00%	60,467	100.00%
<b>ST bills</b>				
<b>Total (1)+(2)+(3)</b>	<b>53,314</b>		<b>85,813</b>	

### Open Market Operation

Date	Reverse Repo				Outright (SBV Bills)			
	Due	Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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
01/21 - 01/25	52,814.9	100335.8	47,520.9	100,335.8	0	0	0	0
01/28 - 02/01	0	52,284	52,284	152,619	0	0	0	0
02/11 - 02/15	32,035	13,796.10	(18,239)	134,380	0	0	0	0
<b>02/18 - 02/22</b>	<b>134,380</b>	<b>28,681</b>	<b>(105,699)</b>	<b>28,681</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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