

**Fixed-Income Report**

Apr 15<sup>th</sup> – 19<sup>th</sup>/2019

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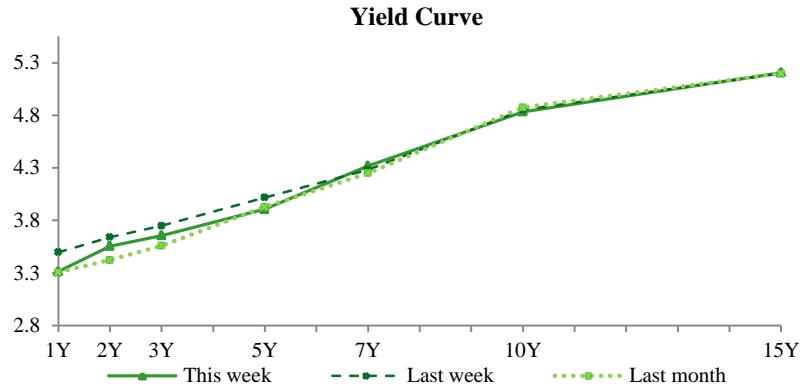
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**Round-up**

**Wining volume focused on 10Y and 15Y tenors.  
Yield curve shifted downward.  
Interbank rates decreased slightly compared to the last week.**



Source: Bloomberg, VCBS

- VND 3,101 bn (+10.15% wow) was mobilized this week. VND 33,452 bn (-30.10% wow) was traded on the secondary market.
- Yield curve shifted downward with bond yields decreased for almost all tenors. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 3.263% (-18.4 bps), 3.505% (-8.5 bps), 3.605% (-9.3 bps), 3.857% (-11.1 bps), 4.27% (+3.7 bps), 4.783% (-1.7 bps), 5.155% (+0.8 bps), respectively.
- Interbank rates decreased slightly compared to the last week. In details, ON – 3M rates respectively posted at 3.925%, 3.983%, 4.017%, 4.05% and 4.342% according to Bloomberg data.
- Foreign investors net bought roughly VND 549.91 bn this week.
- SBV injected VND 5,200 bn via OMO channel.

**VCBS Commentary April 22<sup>nd</sup> – April 26<sup>th</sup>**

- Till now, while there is no noticeable information and holiday is coming soon, we do not foresee chance that bond yield will tick up strongly. Instead, it is highly that bond yields will move in a tight band in the next week.
- Last week, market response was not so tense to draft circular that SBV has issued as we expected because it may take long time before the amendments take effect officially. Besides, in the context of no liquidity shortage shall be recorded in the next week as well as some unchanged fundamental factors of macro-economy, we believe that interbank rate will only experience a minor change.

**Bond Market**

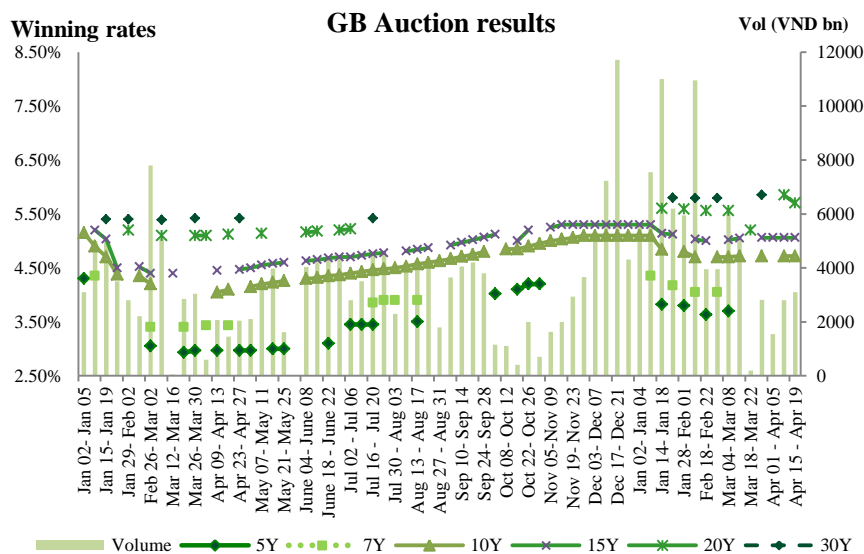
**Primary Market**

**Wining volume focused on 10Y and 15Y tenors.**

**VND 3,101 bn (+10.15% wow) was mobilized this week.**

**VND 3,101 bn (+10.15% wow) was mobilized this week from ST.** Therein, ST planned to issue **VND 500 bn** at 5Y; **VND 1,500 bn** at 10Y; **VND 1,500 bn** at 15Y plus **VND 500 bn** at 20Y bond. The registered volume to offering volume ratio for 5Y, 10Y, 15Y & 20Y tenors were 2.20, 1.93, 1.90 and 0.82 respectively. The average register to offering ratio was 1.71 times. Besides, the average wining to offering ratio was 78% with 15Y tenor was issued successfully, while the auction for 5Y tenor failed. Wining rate for 10Y and 15Y tenors unchanged compared to the previous session and stood at 4.72%, 5.06%, and wining rate for 20Y tenor was 5.70% (-15 bps).

VBSP and VDB did not mobilize bond this week.



Source: HNX, VCBS

**Secondary Market**

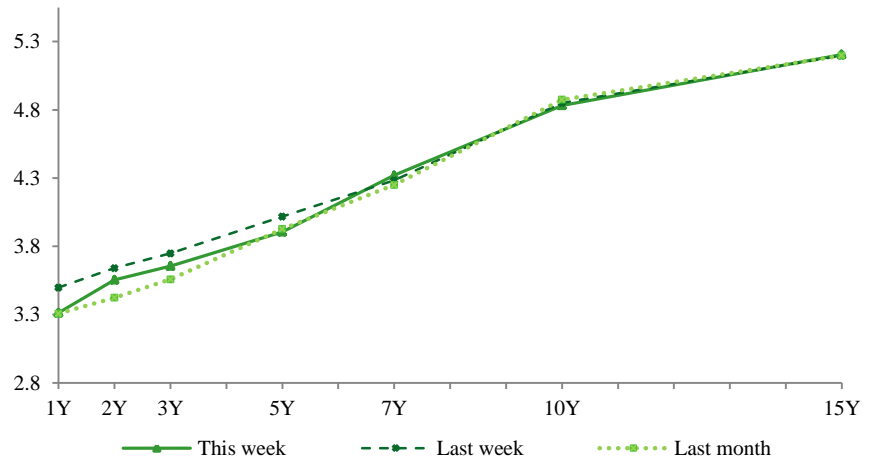
**Average volume each session decreased considerably compared to the last week.**

**VND 33,452 bn (-30.10% wow) was traded on the secondary market.**

**VND 33,452 bn (-30.10% wow) was traded on the secondary market.** Average trading volume each session this week was VND 8,363 bn while the figure of the last week was VND 9,571 bn. Outright and repo values were at VND 14,497 bn and VND 18,955 bn, respectively. Regarding outright, ST-Bond kept dominating trading volume with 86.23%. Remarkably, **this week a large proportion of bond trading (42.26%) belonged to long-term bond (>10year)** followed by short-term bond (<5 year) (23.95%).

**Yield curve shifted downward with bond yields decreased for almost all tenors.** According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 3.263% (-18.4 bps), 3.505% (-8.5 bps), 3.605% (-9.3 bps), 3.857% (-11.1 bps), 4.27% (+3.7 bps), 4.783% (-1.7 bps), 5.155% (+0.8 bps), respectively.

**Yield Curve**



Source: Bloomberg, VCBS

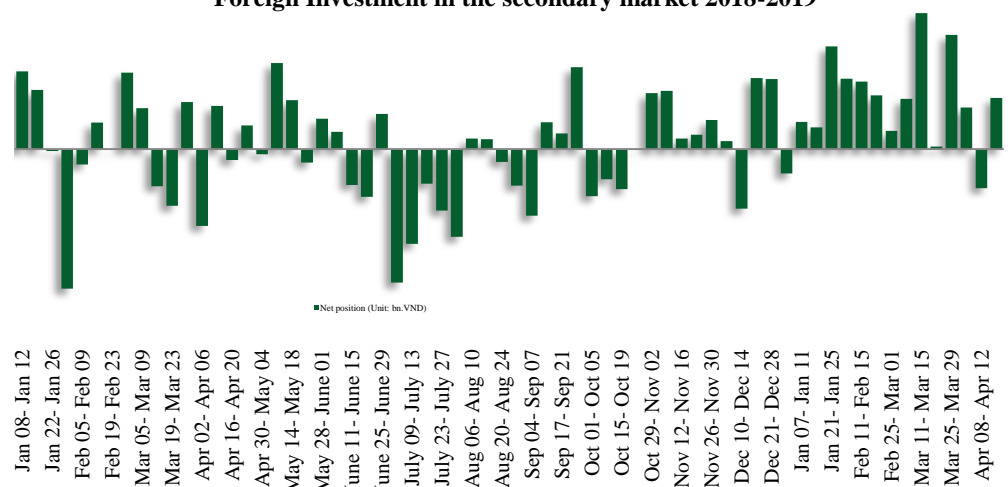
It seemed that in these days, market participants' sentiment was quite positive while there was no news about tension between US and China or Brexit. In addition, the GDP of China stood up by 6.4 %, unchanged compared to the previous quarter and better than forecasted, indicating stable economic growth in the second-largest world economy.

Till now, while there is no noticeable information and holiday is coming soon, we do not foresee chance that bond yield will tick up strongly. Instead, it is highly that bond yields will move in a tight band in the next week.

**Foreign investors net bought roughly VND 549.91 bn this week.**

**Foreign investors net bought roughly VND 549.91 bn this week.** Therein, they mainly focused on long-term bonds (>10 years). It should be noted that insurances companies still have demand for long-term bonds.

**Foreign Investment in the secondary market 2018-2019**



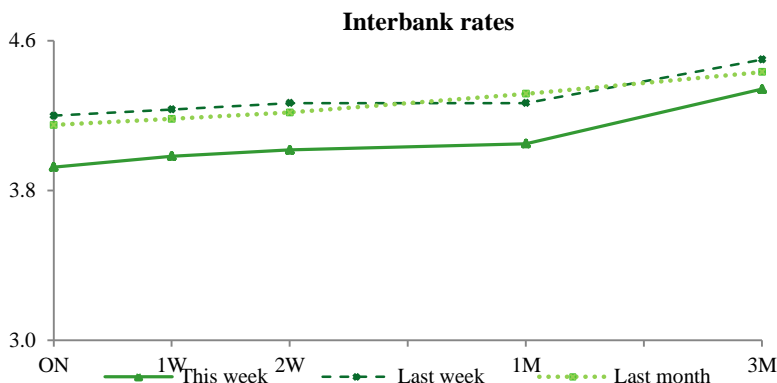
Source: HNX, VCBS

**INTEREST RATE**

**Interbank rates decreased slightly compared to the last week.**

**Interbank Rates**

**Interbank rates decreased slightly compared to the last week.** In details, ON – 3M rates respectively posted at 3.925%, 3.983%, 4.017%, 4.05% and 4.342% according to Bloomberg data.



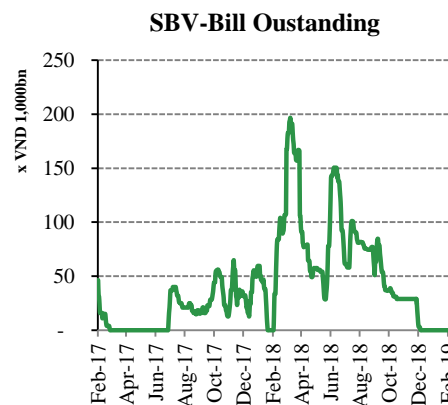
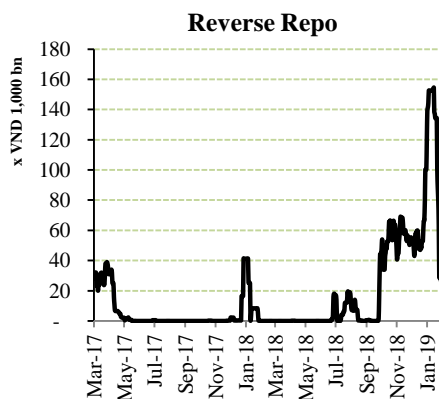
Source: Bloomberg, VCBS

Last week, market response was not so tense to draft circular that SBV has issued as we expected because it may take long time before the amendments take effect officially. Besides, in the context of no liquidity shortage shall be recorded in the next week as well as some unchanged fundamental factors of macro-economy, we believe that interbank rate will only experience a minor change.

**Open Market Operation**

**SBV net injected VND 5,200 bn via OMO channel.**

**SBV net injected VND 5,200 bn via OMO channel.** SBV continuously offer VND 1,000 bn of Reverse Repo each session, but there was no winning volume recorded. For Outrights, VND 10,200 bn of SBV bills matured this week. Meanwhile, SBV offer only VND 5,000 bn bills of 7 days at rate of 3% and were absorb fully by some financial institutions.



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>								
17-Apr-19	5Y	500	1,100	-	2.20	0	0.00%	ST
17-Apr-19	10Y	1,500	2,890	1,390	1.93	4.72	92.67%	ST
17-Apr-19	15Y	1,500	2,850	1,500	1.90	5.06	100.00%	ST
17-Apr-19	20Y	500	411	211	0.82	5.7	42.20%	ST

### Secondary Market

Issuer	Week 08 Apr – 12 Apr		Week 15 Apr – 19 Apr	
	Value	Value share	Value	Value share
<b>Outright</b>				
ST	15,845	84.42%	12,501	86.23%
VDB	2,684	14.30%	1,224	8.44%
VBSP	239	1.27%	772	5.33%
Others	-	0.00%	-	0.00%
<i>Subtotal (1)</i>	18,768	100.00%	14,497	100.00%
<b>Repo</b>				
Repo	28,982	47.47%	18,955	42.71%
Reserve Repo	32,077	52.53%	25,430	57.29%
<i>Subtotal (2)</i>	61,059	100.00%	44,385	100.00%
<b>ST bills</b>				
Outright				
Repo				
<i>Subtotal (3)</i>				
<b>Total (1)+(2)+(3)</b>	<b>79,827</b>		<b>58,882</b>	

### Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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
02/18 - 02/22	134,380	28,681	(105,699)	28,681	0	0	0	0
02/25 - 03/01	28,681	18,971	(9,709)	18,972	0	0	0	0
03/04 - 03/08	18971	13961	(5010)	13,961	0	0	0	0
03/11 – 03/15	13,961	7,587	(6,374)	7,588	0	17,000	17,000	17,000
03/18 - 03/22	7,587	2,728	(4,859)	2,728	17,000	37,500	20,500	37,500
03/25 - 03/29	2,728	1,635	(1,094)	1,635	37,500	4,900	(32,600)	4,900
04/01 - 04/05	1,635	196	(1,439)	196	300	5,200	4,900	-
04/08 - 04/12	195.6	0	(195.6)	0	17001	10199.7	(6801.3)	10199.7
<b>04/15 - 04/19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10199.7</b>	<b>4999.8</b>	<b>(5199.9)</b>	<b>4999.8</b>

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