

**Fixed-Income Report**

**May 05<sup>th</sup> – 10<sup>th</sup>/2019**

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**See Disclaimer at Page 5**

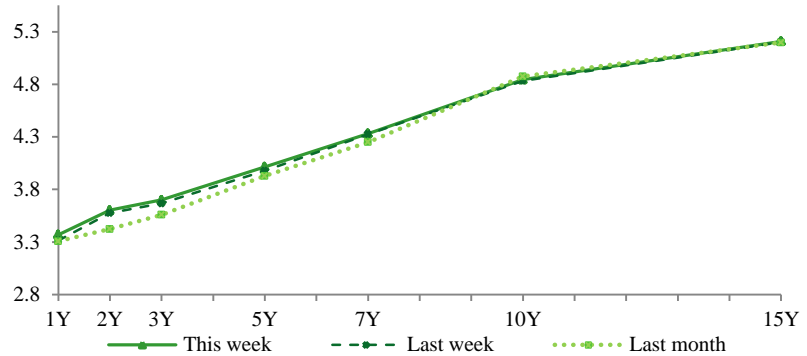
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**Round-up**

**Wining rates unchanged compared to the previous session.  
Bond yields inched up for almost all tenors.  
Interbank rates pressed higher.**

**Yield Curve**



*Source: Bloomberg, VCBS*

- VND 786 bn was mobilized this week. VND 45,732 bn was traded on the secondary market.
- Bond yields inched up for almost all tenors. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 3.32% (+5.7 bps), 3.553% (+2.8 bps), 3.65% (+3.3 bps), 3.965% (+3.8 bps), 4.282% (+0.7 bps), 4.795% (+1.2 bps), 5.158% (+0.6 bps), respectively.
- Interbank rates pressed higher. In details, ON – 3M rates respectively posted at 3.412%, 3.5%, 3.612%, 3.8% and 4.188% according to Bloomberg data.
- Foreign investors net bought roughly VND 234.48 bn this week.
- SBV injected VND 23,597 bn via OMO channel.

**VCBS Commentary May 13<sup>th</sup> – May 17<sup>th</sup>**

- Last week, Fitch has announced the revision of Vietnam outlook to positive from stable, reflects an improving track record of economic management. However, uncertainty still remained because tensions seemed to heat up in term of trade between US and China. This matter will be the short-term risk to the bond market. Therefore, it is likely that bond yields shall fluctuate in a tight band in the coming week.
- There is a probability that interbank rate will stay at this level because: (1) Public disbursement only increased fractionally; (2) Credit growth was slower than the same period last year and is projected at the same level for the whole year as 2018. (3) Pressure on exchange rates is no longer strong.

**Bond Market**

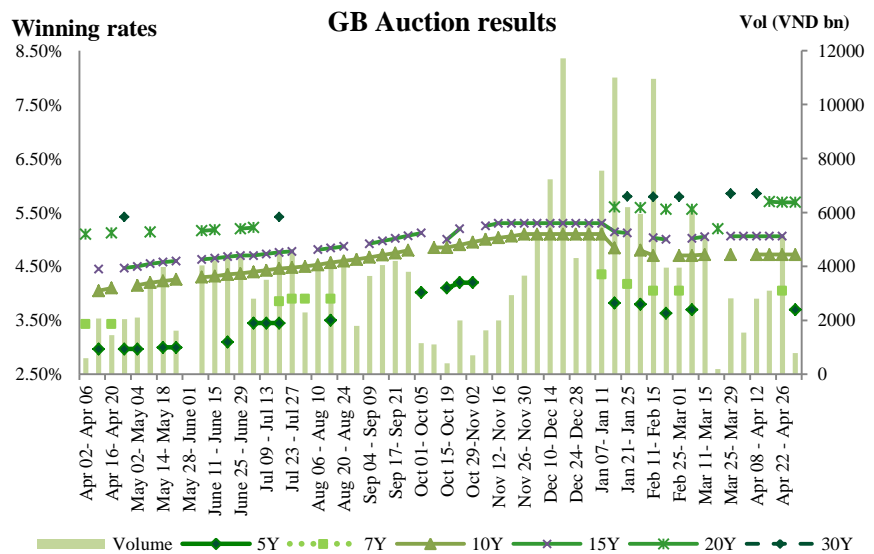
**Primary Market**

**Wining rates unchanged compared to the previous session**

**VND 786 bn was mobilized this week.**

**VND 786 bn was mobilized this week from ST. Therein, ST planned to issue VND 500 bn at 5Y; VND 500 bn at 7Y; VND 1,000 bn at 10Y plus VND 500 bn at 20Y bond.** The registered volume to offering volume ratio for 5Y, 7Y, 10Y & 20Y tenors were 1.81, 0.40, 1.23 and 2.71 respectively. The average register to offering ratio was 1.54 times. Besides, the average winning to offering ratio was 26% with 20Y tenor was issued successfully, while the auction for 7Y tenor failed. Wining rate for 5Y, 10Y and 20Y tenors unchanged compared to the previous session and stood at 3.70%, 4.72%, and 5.69%.

VBSP and VDB did not mobilize bond this week.



Source: HNX, VCBS

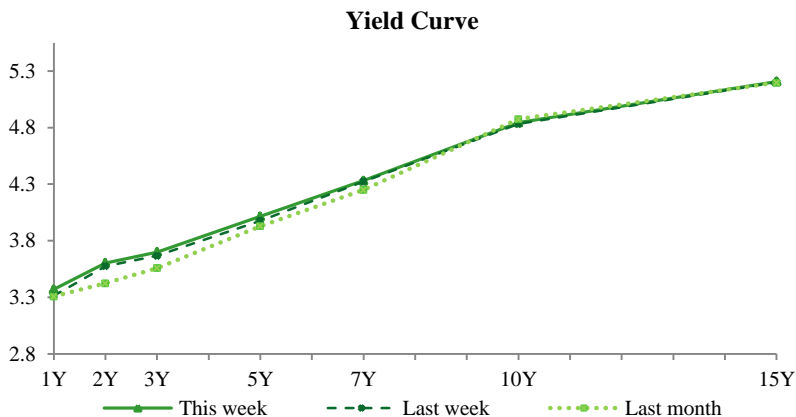
**Secondary Market**

**Average volume each session increased slightly compared to the last week.**

**VND 45,732 bn was traded on the secondary market.**

**VND 45,732 bn was traded on the secondary market.** Average trading volume each session this week was VND 9,146 bn while the figure of the last week was VND 9,019 bn. Outright and repo values were at VND 17,967 bn and VND 27,765 bn, respectively. Regarding outright, ST-Bond kept dominating trading volume with 69.72%. Remarkably, **this week a large proportion of bond trading (43.10%) belonged to short-term bond (<5year) followed by long-term bond (>10 year) (14.70%).**

**Bond yields inched up for almost all tenors.** According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 3.32% (+5.7 bps), 3.553% (+2.8 bps), 3.65% (+3.3 bps), 3.965% (+3.8 bps), 4.282% (+0.7 bps), 4.795% (+1.2 bps), 5.158% (+0.6 bps), respectively.



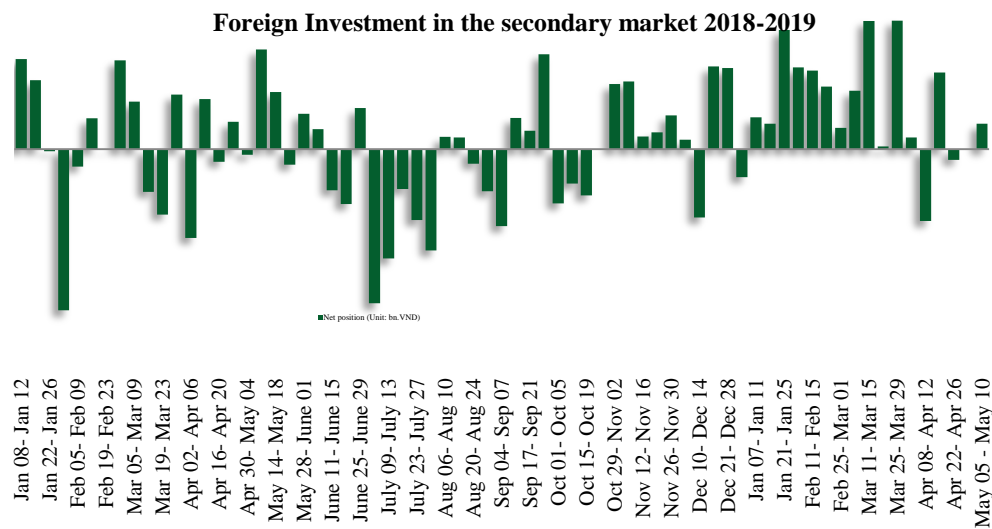
Source: Bloomberg, VCBS

Last week, global credit rating agency Fitch has announced the revision of Vietnam outlook to positive from stable, affirming that the country will keep its BB sovereign credit rating. This upgrade reflects an improving track record of economic management such as persistent current account surpluses, falling government debt levels, high economic growth rates and stable inflation.

However, uncertainty still remained because tensions seemed to heat up in term of trade between US and China. In addition, the meeting between the US and China in Washington does not show any prospects for an agreement between the two countries. This matter will be the short-term risk to the bond market. Therefore, it is likely that bond yields shall fluctuate in a tight band in the coming week.

**Foreign investors net bought roughly VND 234.48 bn this week.**

**Foreign investors net bought roughly VND 234.48 bn this week.** Therein, they mainly focused on short-term bonds (<5 years).



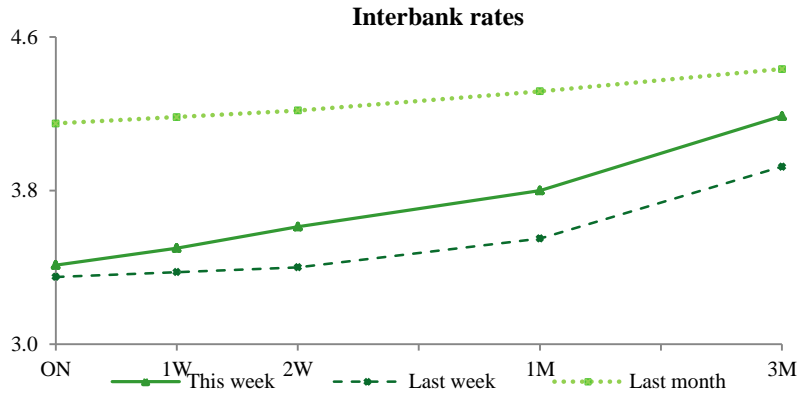
Source: HNX, VCBS

**INTEREST RATE**

**Interbank Rates**

**Interbank rates pressed higher after temporary cooled down last week.**

**Interbank rates pressed higher.** In details, ON – 3M rates respectively posted at 3.412%, 3.5%, 3.612%, 3.8% and 4.188% according to Bloomberg data.



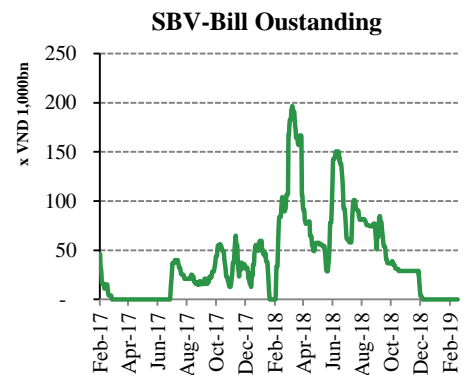
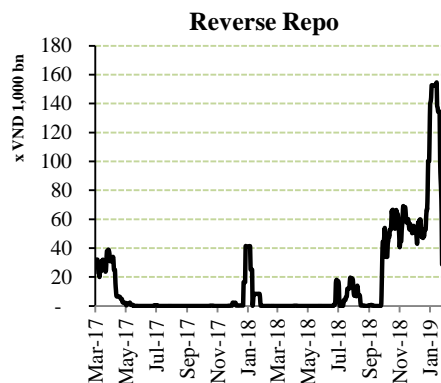
Source: Bloomberg, VCBS

There is a probability that interbank rate will stay at this level because: (1) Public disbursement only increased fractionally; (2) Credit growth was slower than the same period last year and is projected at the same level for the whole year as 2018. (3) Pressure on exchange rates is no longer strong. With the assumption that, we anticipate that interbank rate may temporary stand still until further information showed up.

**Open Market Operation**

**SBV net injected VND 23,597 bn via OMO channel.**

**SBV net injected VND 23,597 bn via OMO channel.** SBV continuously offer VND 1,000 bn of Reverse Repo each session this week, but there was no winning volume recorded. For Outrights, nearly VND 50,000 bn of SBV bills matured this week while about VND 26.000 bn bills of 7 days at rate of 3% were absorb 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>								
24-Apr-19	5Y	500	907	6	1.81	3.7	1.20%	ST
24-Apr-19	7Y	500	200	-	0.40	0	0.00%	ST
24-Apr-19	10Y	1,000	1,230	30	1.23	4.72	3.00%	ST
24-Apr-19	20Y	750	2,036	750	2.71	5.69	100.00%	ST

### Secondary Market

Issuer	Week 02 May – 03 May		Week 15 Apr – 19 Apr	
	Value	Value share	Value	Value share
<b>Outright</b>				
ST	3,661	95.48%	12,527	69.72%
VDB	173	4.52%	4,643	25.84%
VBSP	-	0.00%	797	4.44%
Others	-	0.00%	-	0.00%
<i>Subtotal (1)</i>	3,834	100.00%	17,967	100.00%
<b>Repo</b>				
Repo	14,204	50.34%	27,765	51.34%
Reserve Repo	14,012	49.66%	26,316	48.66%
<i>Subtotal (2)</i>	28,215	100.00%	54,081	100.00%
<b>ST bills</b>				
Outright				
Repo				
<i>Subtotal (3)</i>				
<b>Total (1)+(2)+(3)</b>	<b>32,050</b>		<b>72,049</b>	

### Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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	100,335.8	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	18,971	13,961	(5,010)	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	17,001	10,199.7	(6,801.3)	10,199.7
04/15 - 04/19	0	0	0	0	10,199.7	4,999.8	(5,199.9)	4,999.8
<b>05/06 - 05/10</b>	<b>514.6</b>	<b>0</b>	<b>-514.6</b>	<b>0</b>	<b>49,998.4</b>	<b>25,887</b>	<b>(24,111.4)</b>	<b>25,887</b>

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