

Fixed-Income Report

May 13th – 17th/2019

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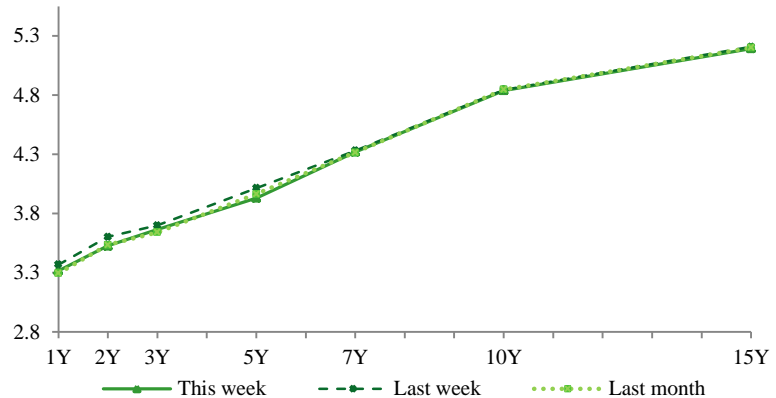
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Round-up

**10Y and 15Y tenors were issued successfully.
Yield curve shifted downward.
Interbank rates decreased for almost all tenors**

Yield Curve



Source: Bloomberg, VCBS

■ VND 2,400 bn was mobilized this week. VND 33,865 bn was traded on the secondary market.

■ Yield curve shifted downward. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 3.268% (-5.2 bps), 3.477% (-7.6 bps), 3.617% (-3.3 bps), 3.882% (-8.3 bps), 4.27% (-1.2 bps), 4.79% (-0.5 bps), 5.143% (-1.5 bps), respectively.

■ Interbank rates decreased for almost all tenors. In details, ON – 3M rates posted at 3.1%, 3.167%, 3.167%, 3.467% and 4.1%, respectively according to Bloomberg data.

■ Foreign investors net withdrew VND 22,740 bn this week.

■ SBV net withdrew VND 22,740 bn via OMO channel.

VCBS Commentary May 20th – May 24th

■ Uncertainties still remained in the last week because tensions seemed to heat up in term of trade between US and China. Besides, SK Group has officially announced to spend \$1 billion to invest in Vingroup. This news in accordance with abundant liquidity in money market support market's sentiment, we believe that bond yields may remain stable or decrease slightly.

■ In the upcoming weeks, we do not foresee factors that can pull up interbank rates strongly.

Bond Market

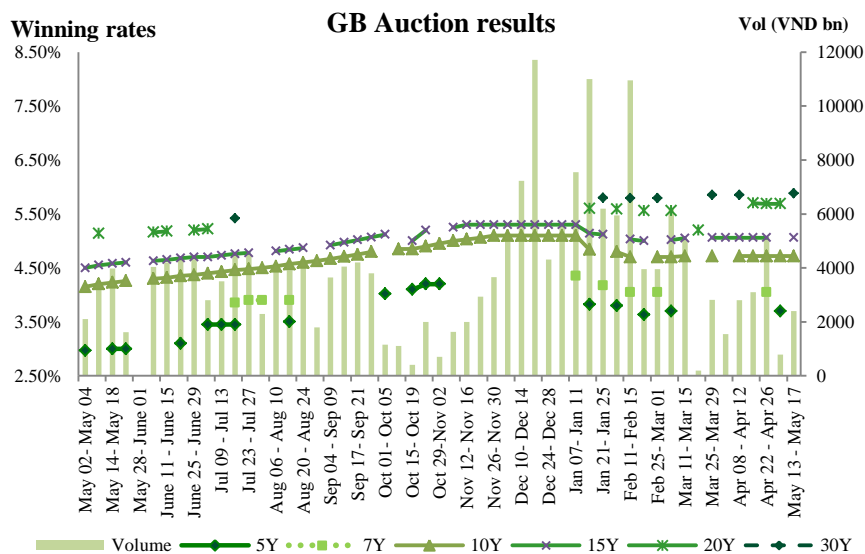
Primary Market

10Y and 15Y tenors were issued successfully

VND 2,400 bn was mobilized this week.

VND 2,400 bn was mobilized this week from ST. Therein, ST planned to issue VND 500 bn at 5Y; VND 1,000 bn at 10Y; VND 1,000 bn at 15Y plus VND 500 bn at 30Y bond. The registered volume to offering volume ratio for 5Y, 10Y, 15Y & 30Y tenors were 2.40, 3.10, 2.64 and 1.20 times respectively. The average register to offering ratio was 2.34 times. Besides, the total winning to offering ratio was 89% with 10Y, 15Y tenor were issued successfully, while the auction for 5Y tenor failed. Winning rate for 10Y and 15Y tenors unchanged compared to the previous session and stood at 4.72% and 5.06%; while winning rate for 30Y increased by 3 bps to 5.88%.

VBSP and VDB did not mobilize bond this week.



Source: HNX, VCBS

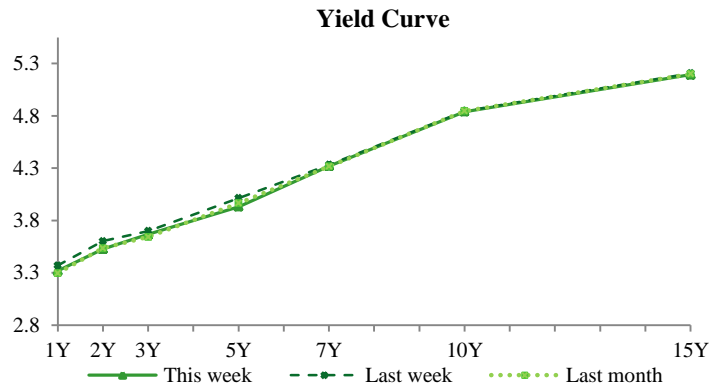
Secondary Market

Average volume each session decreased considerably.

VND 33,865 bn (-28.27%) was traded on the secondary market.

VND 33,865 bn (-28.27%) was traded on the secondary market. Average trading volume each session felt significantly to VND 6,773 bn (-28.27% wow) because repo values decreased sharply this week. In detail, Outright and repo values were at VND 18,696 bn (-3.86% wow) and VND 15,169 bn (-45.37% wow), respectively. Regarding outright, ST-Bond kept dominating trading volume with 85.80%. Remarkably, **this week a large proportion of bond trading (31.89%) belonged to short-term bond (<5year) followed by long-term bond (>10 year) (19.75%).**

Yield curve shifted downward. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 3.268% (-5.2 bps), 3.477% (-7.6 bps), 3.617% (-3.3 bps), 3.882% (-8.3 bps), 4.27% (-1.2 bps), 4.79% (-0.5 bps), 5.143% (-1.5 bps), respectively.



Source: Bloomberg, VCBS

Bond yields decreased slightly for all tenors thanks to downward force dominating on interbank rates last week.

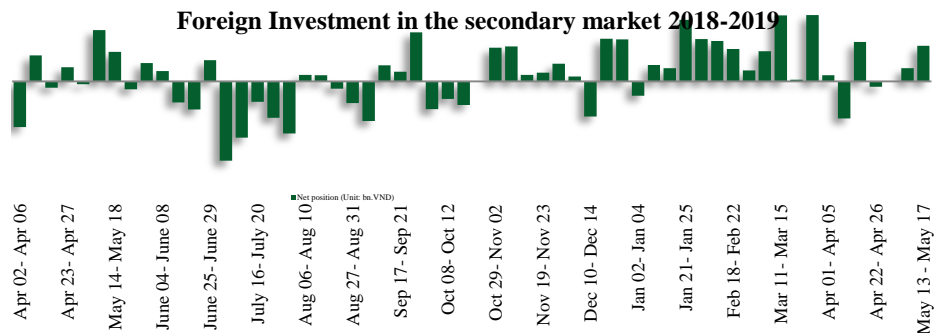
Recently, China announced retaliatory movement on a tax of USD 60 billion of US from 10% to 25% (May 13th). Shortly thereafter, President Donald Trump signed an executive order laying the groundwork to block Chinese telecommunications companies like Huawei from selling equipment in the U.S. In the short-term, it seems that market participants get used to the fact that trade war will not end soon. Therefore, no sell-off recorded due to negative sentiment. In the long-term, trade war shall create uncertainties and make profound impact on global market. It will take time to fully estimate impact of this event on specific market.

Last week saw USD/CNY exchange rate approaching to 7 due to the escalation of US-China trade tension. At the same time, exchange rate at commercial bank regained after temporarily cooled down. The movement of the international market will determine the trend of the USD/VND exchange rate.

Besides, SK Group has officially announced to spend \$1 billion to invest in Vingroup. This news in accordance with abundant liquidity in money market support market's sentiment, we believe that bond yields may remain stable or decrease slightly.

Foreign investors net bought roughly VND 634.15 bn this week.

Foreign investors net bought roughly VND 634.15 bn this week. Remarkably, this week a large proportion of bond trading focused on short-term bonds (<3 years).



Source: HNX, VCBS

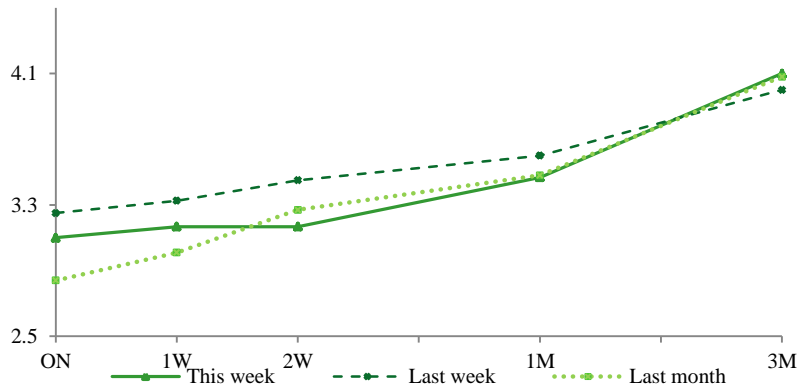
INTEREST RATE

Interbank rates decreased for almost all tenors.

Interbank Rates

Interbank rates decreased for almost all tenors. In details, ON – 3M rates posted at 3.1%, 3.167%, 3.167%, 3.467% and 4.1%, respectively according to Bloomberg data.

Interbank rates



Source: Bloomberg, VCBS

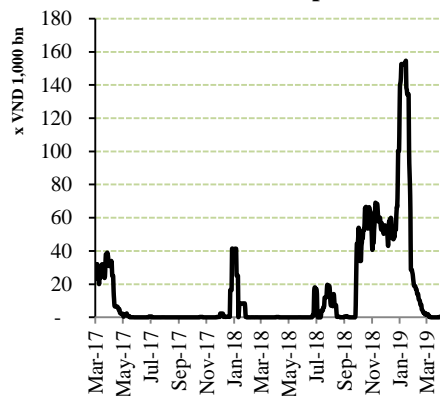
Inflow from SK Group supports our views that FII, FDI inflow still make for Vietnam. We expect that this news shall support abundant liquidity in money market. In the upcoming weeks, we do not foresee factors that can pull up interbank rates strongly.

Open Market Operation

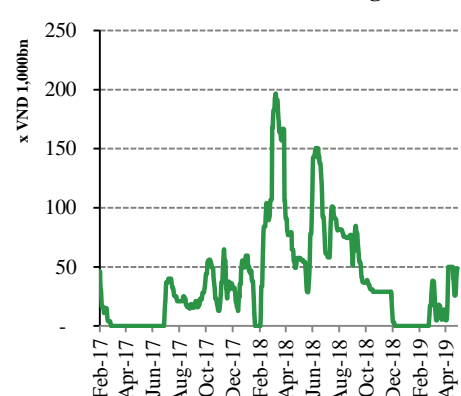
SBV net withdrew VND 22,740 bn via OMO channel.

SBV net withdrew VND 22,740 bn via OMO channel. SBV continuously offer VND 1,000 bn of Reverse Repo each session this week, but there was only VND 98 billion executed in the first trading session of the week. For Outrights, VND 25,887 bn of SBV bills matured this week while about VND 48.725 bn bills of 7 days at rate of 3% were absorb by some financial institutions.

Reverse Repo



SBV-Bill Outstanding



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								
16-May-19	5Y	500	1,200	-	2.40	0	0.00%	ST
16-May-19	10Y	1,000	3,100	1,000	3.10	4.72	100.00%	ST
16-May-19	15Y	1,000	2,640	1,000	2.64	5.06	100.00%	ST
16-May-19	30Y	500	600	400	1.20	5.88	80.00%	ST

Secondary Market

Issuer	Week 06 May – 10 May		Week 13 May – 17 May	
	Value	Value share	Value	Value share
Outright				
ST	13,885	71.40%	16,041	85.80%
VDB	4,643	23.88%	2,055	10.99%
VBSP	919	4.73%	600	3.21%
Others	-	0.00%	-	0.00%
Subtotal (1)	19,447	100.00%	18,696	100.00%
Repo				
Repo	27,765	51.34%	15,169	41.56%
Reserve Repo	26,316	48.66%	21,327	58.44%
Subtotal (2)	54,081	100.00%	36,496	100.00%
ST bills				
Outright				
Repo				
Subtotal (3)				
Total (1)+(2)+(3)	73,529		55,192	

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
05/06 - 05/10	514.6	0	-514.6	0	49,998.4	25,887	(24,111.4)	25,887
05/13 - 05/17	0	97.85	97.85	97.85	25887	48725	22838	48725

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.

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