

## Fixed-Income Report

**September 23<sup>th</sup> – 27<sup>th</sup>/2019**

### In this issue

- Round up
- Bond market
- Interest rates

**Dang Khanh Linh**

+84 24 3936 6990 (ext. 7182)

[dklinh@vcbs.com.vn](mailto:dklinh@vcbs.com.vn)

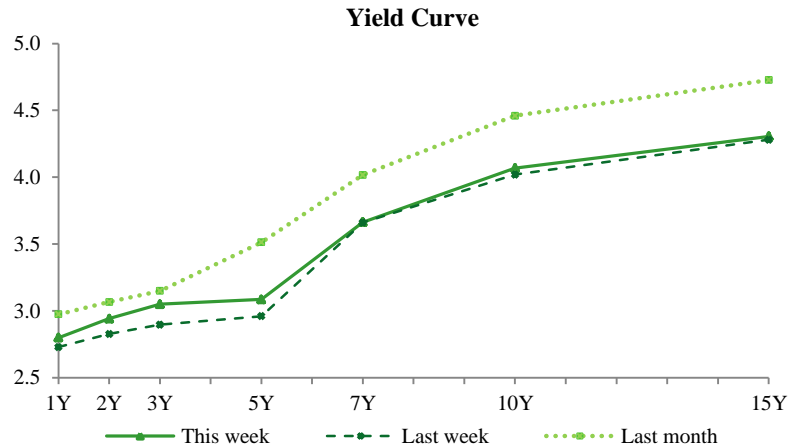
See Disclaimer at Page 5

Macroeconomic, Fixed-Income,  
Financial and Corporation  
Information updated at

[www.vcbs.com.vn/vn/Services/AnalysisResearch](http://www.vcbs.com.vn/vn/Services/AnalysisResearch)

## Round-up

**Issuance volume focused on 10Y & 15Y tenor.  
Yield curve shifted downward.  
Interbank rates kept decreasing this week.**



Source: Bloomberg, VCBS

■ VND 4,050 bn was mobilized this week. VND 96,411 bn (+2.22%) was traded on the secondary market.

■ Yield curve shifted upward marginally. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 2.8% (+7 bps), 2.943% (+11.5 bps), 3.05% (+15.3 bps), 3.086% (+12.6 bps), 3.6643% (+0.43 bps), 4.068% (+4.8 bps), 4.305% (+2.5 bps), respectively.

■ Interbank rates pull down, especially ON-rate thanks to abundant liquidity. In details, ON – 3M rates posted at 2.058%, 2.4%, 2.567%, 3% and 4.083%, respectively according to Bloomberg data.

- Foreign investors net buy VND 3,011 bn this week.
- SBV net injected VND 3,001 bn via OMO channel.

## VCBS Commentary September 30<sup>th</sup> – October 04<sup>th</sup>

■ The stability of macroeconomic figures in this period still supports market's sentiment. Besides, liquidity in money market is abundant; therefore, with all these factors, bond yields are expected to move in a downward tight band in the upcoming week.

■ The credit growth in the first nine months of 2019 was 8.4% ytd, which is below than the figure of 9.52% in the same period last year. These figures indicated that credit growth kept at a moderate level and abundant resources are still available on the banking system, especially given the fact that public fund disbursement has been behind the schedule. Hence, we believe that next week interbank shall be kept at low level.

**Bond Market**

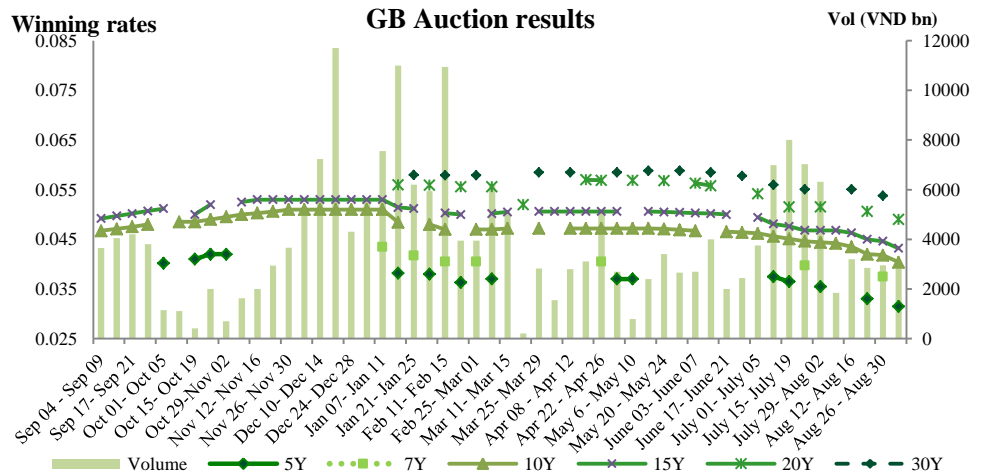
**Primary Market**

**Issuance volume focused on 10Y & 15Y tenor.**

**VND 4,050 bn was mobilized this week.**

**VND 4,050 bn was mobilized this week from ST and VBSP.** In detail, **VND 3,050 bn was mobilized this week from ST.** Therein, ST issued **VND 500 bn at 7Y, VND 1,000 bn at 10Y, VND 1,000 bn at 15Y** plus **VND 550 bn at 30Y** bond. The registered volume to offering volume ratio for 7Y, 10Y, 15Y & 30Y tenors were 3.92, 4.60, 4.35 and 2.09 times, indicated the high demand for all tenors, especially 10Y & 15Y tenors.. Meanwhile, winning rate for 7Y, 10Y, 15Y & 30Y tenors stood at 3.54% (-21 bps), 3.97% (-7 bps), 4.24% (-8 bps), 5.23% (-12 bps), respectively.

Meanwhile, VBSP mobilized VND 1000 bn at 15Y. VDB did not mobilize bond this week.



Source: HNX, VCBS

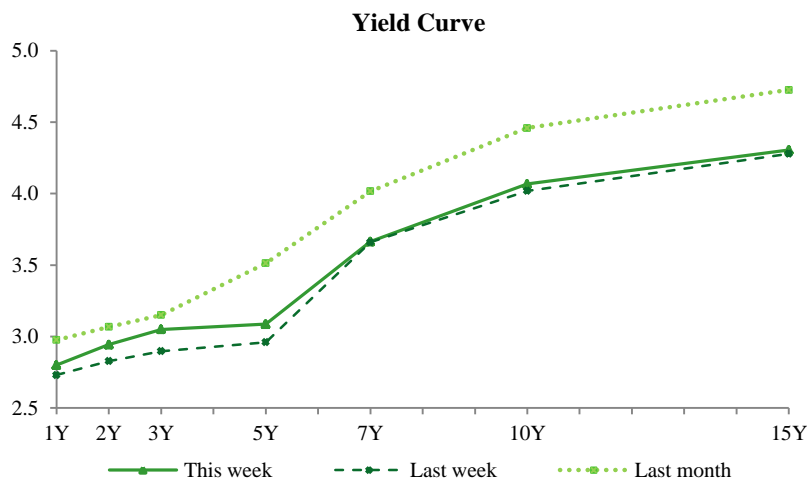
**Secondary Market**

**Liquidity increased minimally compared to the previous trading week.**

**VND 96,411 bn (+2.22%) was traded on the secondary market.**

**VND 96,411 bn (+2.22%)** was traded on the secondary market. Average trading volume each session reached VND 19,282 bn. In detail, Outright and repo values were at VND 48,601 bn (+0.03% wow) and VND 47,810 bn (+0.02% wow), respectively. Regarding outright, ST-Bond kept dominating trading volume with 89%. Remarkably, **this week a large proportion of bond trading (48.02%) belonged to short-term bond (<5 year)** followed by long-term bond (>10 year) (29.85%).

**Yield curve shifted upward marginally.** According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 2.8% (+7 bps), 2.943% (+11.5 bps), 3.05% (+15.3 bps), 3.086% (+12.6 bps), 3.6643% (+0.43 bps), 4.068% (+4.8 bps), 4.305% (+2.5 bps), respectively.



Source: Bloomberg, VCBS

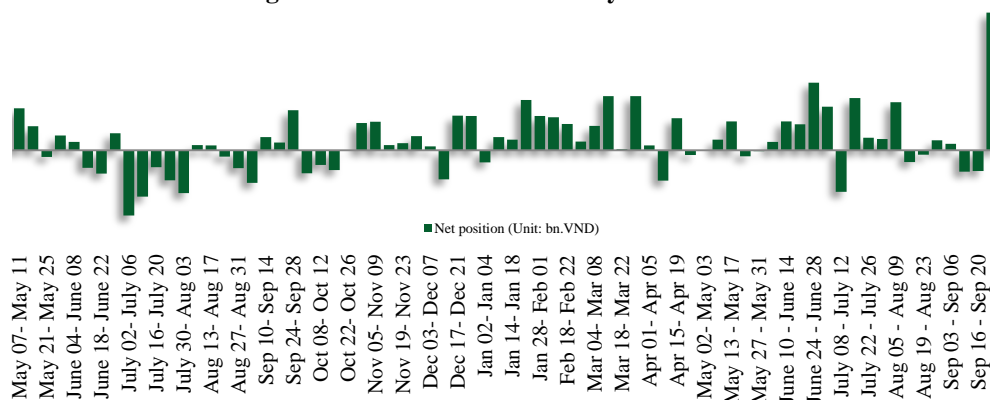
The General Statistics Office (GSO) has released the socio – economic statistics of the first nine months of 2019. Accordingly, GDP in Q3.2019 is expected to growth by 7.31% over the same period. In addition, GDP in 9M.2019 is expected to growth by 6.98% yoy, the highest figure over the last nine years. The main driving force for economic growth in the nine-month period is the manufacturing and processing sector, and other service sectors. Meanwhile, the CPI in September increased by 0.32% mom due to higher price of education group, restaurants and food service group. From the prospective of economic stabilization, inflation in the first nine months was lowest in the last three years.

The stability of macroeconomic figures in this period still supports market’s sentiment. Besides, liquidity in money market is abundant. Therefore, with all these factors, bond yields are expected to move in a downward tight band in the upcoming week.

**Foreign investors net buy VND 3,011.25 bn this week.**

**Foreign investor net buy VND 3,011.25 bn this week**, net buy recorded in all tenors, especially they mainly focused on long-term tenors. In detail, they net buy VND 1,455 bn 25-30Y tenors.

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



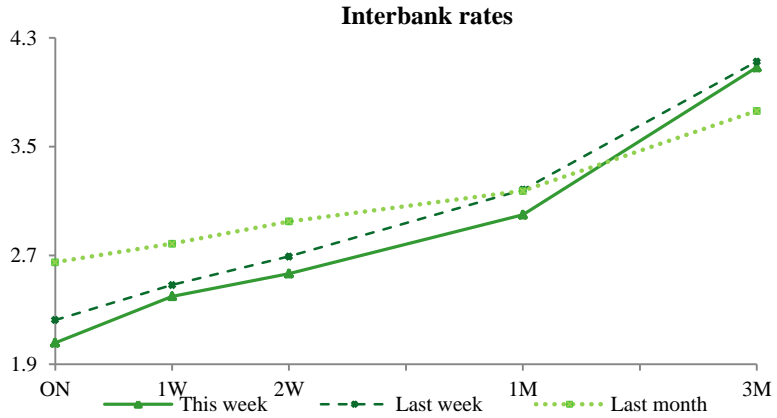
Source: HNX, VCBS

**INTEREST RATE**

**Interbank rates kept decreasing this week.**

**Interbank Rates**

**Interbank rates pull down significantly, especially ON-rate thanks to abundant liquidity.** In details, ON – 3M rates posted at 2.058%, 2.4%, 2.567%, 3% and 4.083%, respectively according to Bloomberg data.



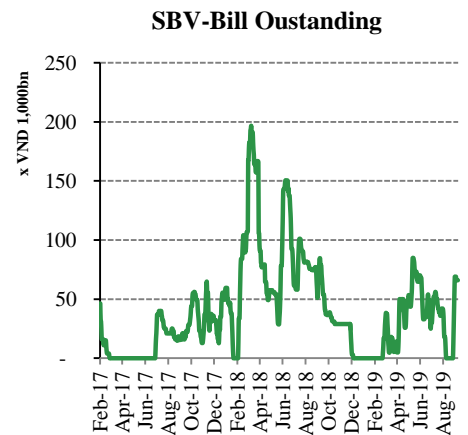
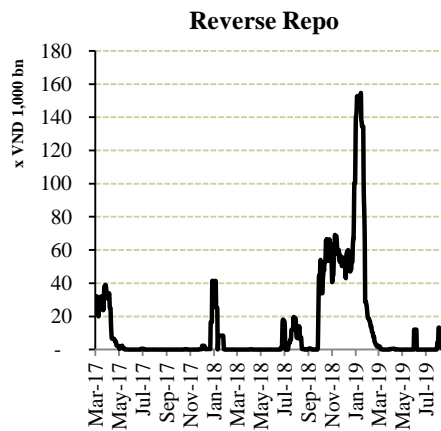
Source: Bloomberg, VCBS

The credit growth in the first nine months of 2019 was 8.4% ytd, which is below than the figure of 9.52% in the same period last year. These figures indicated that credit growth kept at a moderate level and abundant resources are still available on the banking system, especially given the fact that public fund disbursement has been behind the schedule. Hence, we believe that next week interbank shall be kept at low level.

**Open Market Operation**

**SBV net injected VND 3,001 bn via OMO channel.**

**SBV net injected VND 3,001 bn via OMO channel.** In detail, VND 68,997 bn of SBV-bill matured this week. Meanwhile, SBV offered VND 65,996 bn of SBV-bill this week.



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>								
25-Sep-19	7Y	500	1,960	500	3.92	3.54	100.00%	ST
25-Sep-19	10Y	1,000	4,600	1,000	4.60	3.97	100.00%	ST
25-Sep-19	15Y	1,000	4,350	1,000	4.35	4.24	100.00%	ST
25-Sep-19	30Y	750	1,570	550	2.09	5.23	73.33%	ST
23-Sep-19	10Y	500	701	-	1.40	0	0.00%	VBSP
23-Sep-19	15Y	1,000	3,500	1,000	3.50	4.65	100.00%	VBSP

### Secondary Market

Issuer	Week 16 Sep – 20 Sep		Week 23 Sep – 27 Sep	
	Value	Value share	Value	Value share
<b>Outright</b>				
<b>ST</b>	45,917	96.87%	45,594	93.81%
<b>VDB</b>	1,401	2.96%	2,106	4.33%
<b>VBSP</b>	81	0.17%	901	1.85%
<b>Others</b>	-	0.00%	-	0.00%
<i>Subtotal (1)</i>	47,399	100.00%	48,601	100.00%
<b>Repo</b>				
Repo	46,916	50.56%	47,810	51.84%
Reserve Repo	45,881	49.44%	44,414	48.16%
<i>Subtotal (2)</i>	92,796	100.00%	92,224	100.00%
<b>ST bills</b>				
Outright				
Repo				
<i>Subtotal (3)</i>				
<b>Total (1)+(2)+(3)</b>	<b>140,195</b>		<b>140,825</b>	

### Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
04/15 - 04/19	0	0	0	0	10,200	5,000	(5,200)	5,000
05/06 - 05/10	514.6	0	(514.6)	0	50,000	25,887	(24,111)	25,887
05/13 - 05/17	0	97.85	97.85	97.85	25,887	48,725	22,838	48,725
05/20 - 05/24	97.85	0	(97.85)	0	48,725	43,720	(5,005)	43,720
05/27 - 05/31	0	0	0	0	43,720	84,799	41,079	84,799
06/03 - 06/07	0	0	0	0	70,449	64,799	(5,651)	64,799
06/10 - 06/14	0	0	0	0	70,449	64,799	(5,651)	64,799
06/24 - 06/28	21	12000	11979	12000	67999	32999	(34999)	32999
07/01 - 07/05	12,000	-	(12,000)	-	32,999	34,999	2,000	34,999
07/08 - 07/12	-	-	-	-	34,999	48,998	13,999	48,998
07/15 - 07/19	-	-	-	-	48,998	29,998	(19,000)	29,998
07/22 - 07/26	-	-	-	-	29,998	51,999	22,000	51,999
08/05 - 08/09	-	-	-	-	49,999	38,999	(11,001)	38,999
08/12 - 08/16	-	-	-	-	38,999	41,999	3,000	41,999
08/19 - 08/23	-	-	-	-	41,999	18,000	(24,000)	18,000
08/26 - 08/30	-	13,134	13,134	13,134	18,000	-	(18,000)	-
09/02 - 09/06	13,134	988	(12,145)	988	-	-	-	-
09/09 - 09/13	988	-	(988)	-	-	-	-	-
09/16 - 09/20	-	-	-	-	-	68,997	68,997	68,997
<b>09/23 - 09/27</b>	-	-	-	-	<b>68,997</b>	<b>65,996</b>	<b>(3,001)</b>	<b>65,996</b>

## 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.

It must be stressed that all opinions, judgments, estimations and projections in this report represent independent views of the analyst at the date of publication. Therefore, this report should be best considered a reference and indicative only. It is not an offer or advice to buy or sell or any actions related to any assets. VCBS and/or Departments of VCBS as well as any affiliate of VCBS or affiliate that VCBS belongs to or is related to (hereafter, VCBS), provide no warranty or undertaking of any kind in respect to the information and materials found on, or linked to the report and no obligation to update the information after the report was released. VCBS does not bear any responsibility for the accuracy of the material posted or the information contained therein, or for any consequences arising from its use, and does not invite or accept reliance being placed on any materials or information so provided.

This report may not be copied, reproduced, published or redistributed for any purpose without the written permission of an authorized representative of VCBS. Please cite sources when quoting. Copyright 2012 Vietcombank Securities Company. All rights reserved.

## CONTACT INFORMATION

**Tran Minh Hoang**

Head of Research

tmhoang@vcbs.com.vn

**Dang Khanh Linh**

Analyst - Economic research

dklinh@vcbs.com.vn

### VIETCOMBANK SECURITIES COMPANY

<http://www.vcbs.com.vn>

<b>Ha Noi Headquarter</b>	Floor 12 <sup>th</sup> & 17 <sup>th</sup> , Vietcombank Tower, 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi Tel: (84-4)-39366990 ext: 140/143/144/149/150/151
<b>Ho Chi Minh Branch</b>	Floor 1 <sup>st</sup> and 7 <sup>th</sup> , Green Star Building, 70 Pham Ngoc Thach Street, Ward 6, District No. 3, Ho Chi Minh City Tel: (84-28)-3820 8116 Ext:104/106
<b>Da Nang Branch</b>	Floor 12 <sup>th</sup> , 135 Nguyen Van Linh Street, Thanh Khe District, Da Nang City. Tel: (+84-236) 3888 991 ext: 801/802
<b>Nam Sai Gon Transaction Unit</b>	Floor 3 <sup>rd</sup> , V6 Tower, Plot V, Him Lam Urban Zone, 23 Nguyen Huu Tho Street, Tan Hung Ward, District No. 7, Ho Chi Minh City Tel: (84-28)-54136573
<b>Giang Vo Transaction Unit</b>	Floor 1 <sup>st</sup> , Building C4 Giang Vo, Giang Vo Ward, Ba Dinh District, Hanoi. Tel: (+84-24) 3726 5551
<b>Tay Ho Transaction Unit</b>	1st & 3rd Floor, 565 Lac Long Quan Street, Tay Ho District, Hanoi. Tel: (+84-24) 2191048 (ext: 100)
<b>Hoang Mai Transaction Unit</b>	1st Floor Han Viet Building, 203 Minh Khai Street, Hai Ba Trung District, Hanoi. Tel: (+84-24) 3220 2345
<b>Can Tho Representative Office</b>	Floor 1 <sup>st</sup> , Vietcombank Can Tho Building, 7 Hoa Binh Avenue, Ninh Kieu District, Can Tho City. Tel: (+84-292) 3750 888
<b>Vung Tau Representative Office</b>	Floor 1 <sup>st</sup> , 27 Le Loi Street, Vung Tau City, Ba Ria - Vung Tau Province. Tel: (+84-254) 351 3974/75/76/77/78
<b>An Giang Representative Office</b>	Floor 7 <sup>th</sup> , Vietcombank An Giang Tower, 30-32 Hai Ba Trung, My Long Ward, Long Xuyen City, An Giang Province Tel: (84-76)-3949843
<b>Dong Nai Representative Office</b>	Floor 1 <sup>st</sup> & 2 <sup>nd</sup> , 79 Hung Dao Vuong, Trung Dung Ward, Bien Hoa City, Dong Nai Province. Tel: (84-61)-3918815
<b>Hai Phong Representative Office</b>	Floor 2 <sup>nd</sup> , 11 Hoang Dieu Street, Minh Khai Ward, Hong Bang District, Hai Phong City. Tel: (+84-225) 382 1630
<b>Binh Duong Representative Office</b>	Floor 3 <sup>th</sup> , 516 Cach Mang Thang Tam Street, Phu Cuong Ward, Thu Dau Mot City, Binh Duong Province. Tel: (+84-274) 3855 771