

Fixed-Income Report

September 30th – October 04th/2019

In this issue

- Round up
- Bond market
- Interest rates

Dang Khanh Linh

+84 24 3936 6990 (ext. 7182)

dklinh@vcbs.com.vn

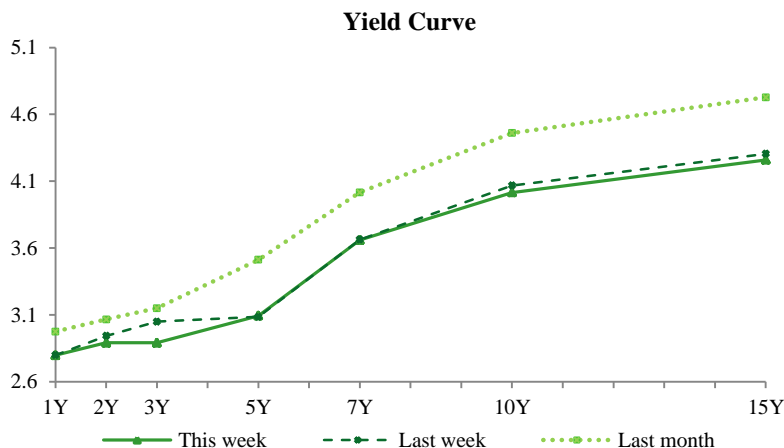
See Disclaimer at Page 5

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

www.vcbs.com.vn/vn/Services/AnalysisResearch

Round-up

**All tenors issued successfully.
Yield curve moved downward.
Interbank rates ticked up frictionally.**



Source: Bloomberg, VCBS

■ VND 4,880 bn was mobilized this week. VND 78,026 bn (-19.12%) was traded on the secondary market.

■ Yield curve moved 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 2.798% (-0.2 bps), 2.892% (-5.1 bps), 2.892% (-15.8 bps), 3.094% (+0.8 bps), 3.66% (-0.4 bps), 4.015% (-5.3 bps), 4.26% (-4.5 bps), respectively.

■ Interbank rates ticked up frictionally. In details, ON – 3M rates posted at 2.15%, 2.375%, 2.55%, 2.97% and 3.98%, respectively according to Bloomberg data.

■ Foreign investors net buy VND 1,235 bn this week.

■ SBV net withdrew VND 21,000 bn via OMO channel.

VCBS Commentary October 08th – October 11th

■ The stability of macroeconomic figures and abundant liquidity in money market are the main factors created downward force on bond yields. Till now, we do not foresee chance that bond yield will rebound strongly; instead, it is highly that yield curve will shift downward fictionally in the next week.

■ In the context of stable economy and no strong pressure on exchange rate, we do not expect the factors which can make liquidity less ample at the present. We believe that in the upcoming period, interbank rate will experience a minor change around this present level.

Bond Market

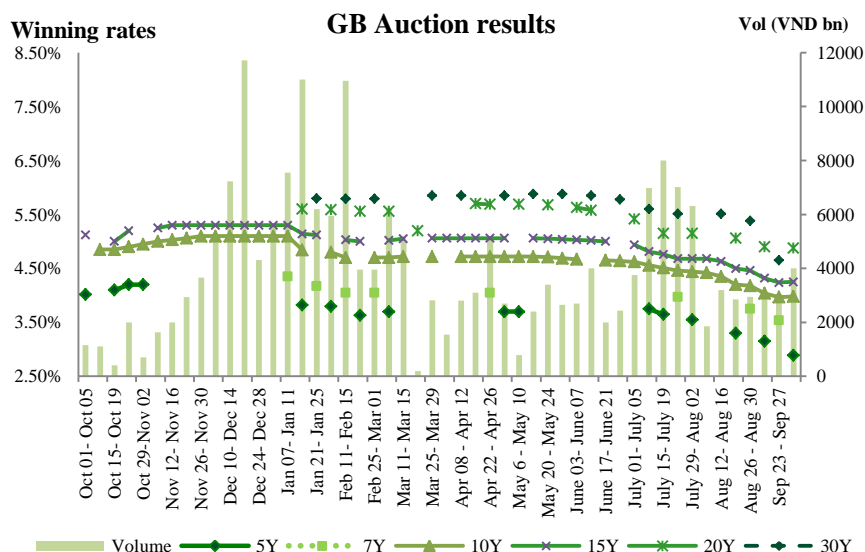
Primary Market

All tenors issued successfully.

VND 4,880 bn was mobilized this week.

VND 4,880 bn was mobilized this week from ST and VBSP. In detail, **VND 4,000 bn was mobilized this week from ST.** Therein, ST issued **VND 500 bn at 5Y, VND 1,500 bn at 10Y, VND 1,500 bn at 15Y plus VND 550 bn at 20Y** bond. The registered volume to offering volume ratio for 5Y, 10Y, 15Y & 20Y tenors were 4.20, 2.43, 2.21 and 2.20 times. It is clearly showed the high demand for all tenors from market participants. Meanwhile, winning rate for 5Y, 10Y, 15Y & 20Y tenors stood at 2.89% (-26 bps), 3.98% (+1 bps), 4.25% (+1 bps), 4.88% (-2 bps), respectively.

Meanwhile, VBSP mobilized VND 880 bn at 15Y. VDB did not mobilize bond this week.



Source: HNX, VCBS

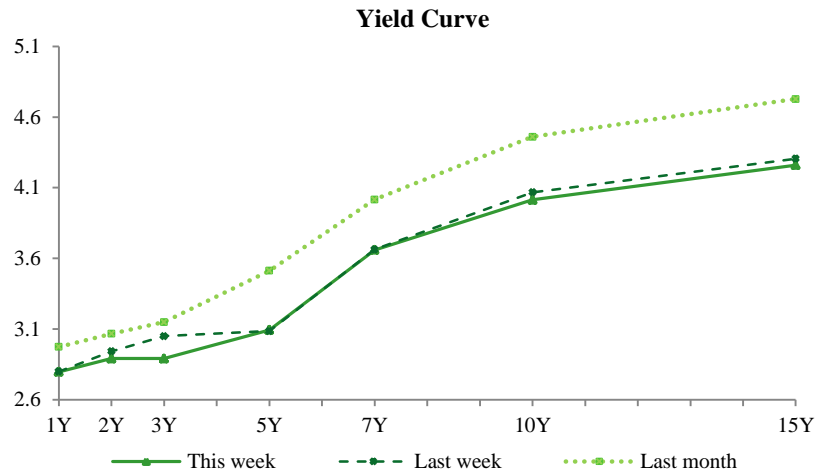
Secondary Market

Liquidity decreased considerably compared to the previous trading week.

VND 78,026 bn (-19.12%) was traded on the secondary market.

VND 78,026 bn (-19.12%) was traded on the secondary market. Average trading volume each session declined to VND 15,605 bn. In detail, Outright and repo values were at VND 29,769 bn (-0.39% wow) and VND 48,257 bn (+0.94% wow), respectively. Regarding outright, ST-Bond kept dominating trading volume with 88.31%. Remarkably, **this week a large proportion of bond trading (44.15%) belonged to short-term bond (<5 year)** followed by long-term bond (>10 year) (30.43%).

Yield curve moved 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 2.798% (-0.2 bps), 2.892% (-5.1 bps), 2.892% (-15.8 bps), 3.094% (+0.8 bps), 3.66% (-0.4 bps), 4.015% (-5.3 bps), 4.26% (-4.5 bps), respectively.



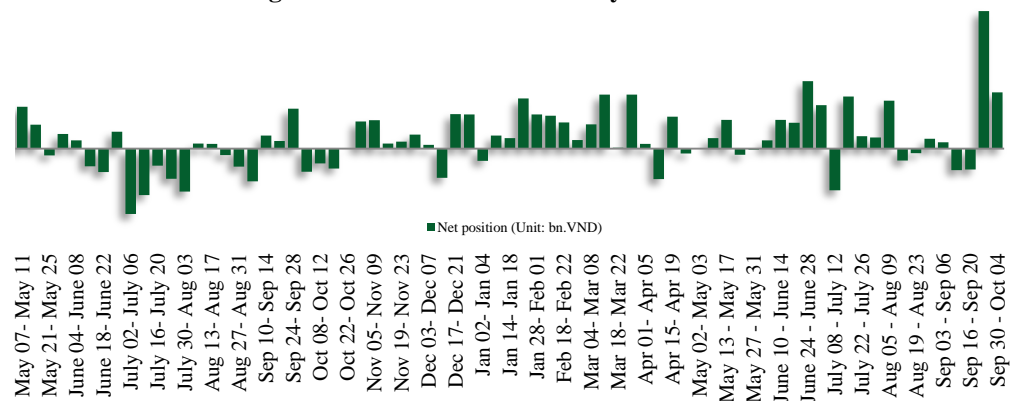
Source: Bloomberg, VCBS

As we expected before, abundant liquidity in money market was one of the main factors created downward force on bond yields. Meanwhile, the latest figures in Vietnamese social economic situation still support market's sentiment. Till now, we do not foresee chance that bond yield will rebound strongly; instead, it is highly that yield curve will shift downward fictionally in the next week.

Foreign investors net buy VND 1,235 bn this week.

Foreign investor net buy VND 1,235 bn this week, net buy recorded in all tenors, especially they mainly focused on short-term tenors. In detail, they net buy VND 953 bn for 3Y tenors.

Foreign Investment in the secondary market 2018-2019



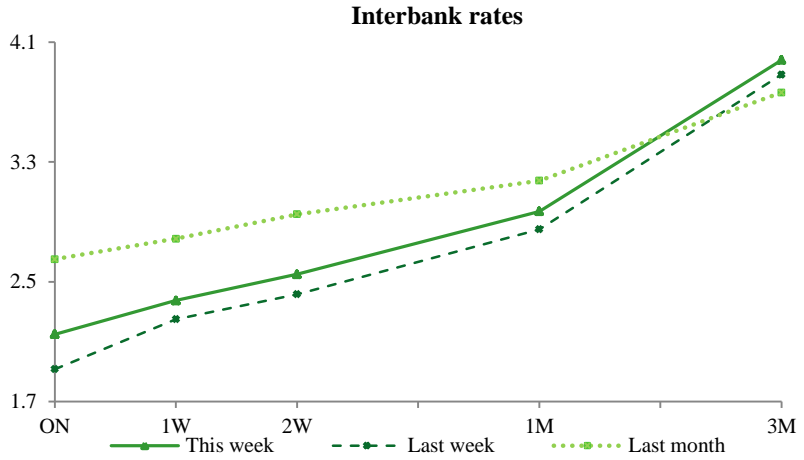
Source: HNX, VCBS

INTEREST RATE

Interbank Rates

Interbank rates ticked up minimally this week.

Interbank rates ticked up minimally. In details, ON – 3M rates posted at 2.15%, 2.375%, 2.55%, 2.97% and 3.98%, respectively according to Bloomberg data.



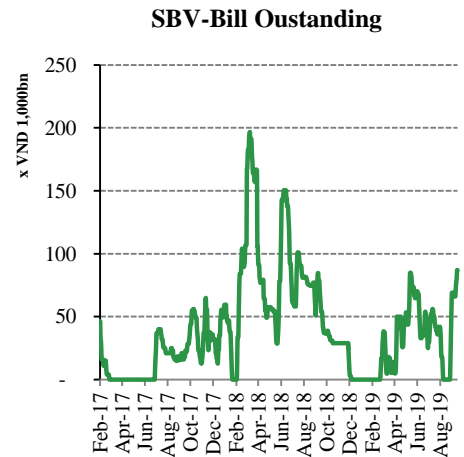
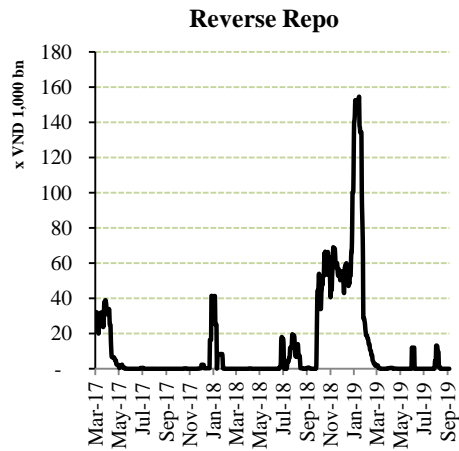
Source: Bloomberg, VCBS

In the context of stable economy and no strong pressure on exchange rate, we do not expect the factor which can make liquidity less ample at the present. We believe that in the upcoming period, interbank rate will experience a minor change around this present level.

Open Market Operation

SBV net withdrew VND 21,000 bn via OMO channel.

SBV net withdrew VND 21,000 bn via OMO channel. In detail, VND 65,996 bn of SBV-bill matured this week. Meanwhile, SBV offered VND 86,996 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 |
|---|-------|-----------------|--------------------|----------------|----------------------------|------------------|------------------|--------|
| ST bills | | | | | | | | |
| Government and government-backed bonds | | | | | | | | |
| 2-Oct-19 | 5Y | 500 | 2,101 | 500 | 4.20 | 2.89 | 100.00% | ST |
| 2-Oct-19 | 10Y | 1,500 | 3,650 | 1,500 | 2.43 | 3.98 | 100.00% | ST |
| 2-Oct-19 | 15Y | 1,500 | 3,320 | 1,500 | 2.21 | 4.25 | 100.00% | ST |
| 2-Oct-19 | 20Y | 500 | 1,100 | 500 | 2.20 | 4.88 | 100.00% | ST |
| 30-Sep-19 | 15Y | 880 | 1,471 | 880 | 1.67 | 4.7 | 100.00% | VBSP |

Secondary Market

| | | Week 23 Sep – 27 Sep | | Week 30 Sep – 04 Oct | |
|--------------------------|--|----------------------|-------------|----------------------|-------------|
| Issuer | | Value | Value share | Value | Value share |
| Outright | | | | | |
| ST | | 45,656 | 93.82% | 26,288 | 88.31% |
| VDB | | 2,106 | 4.33% | 2,037 | 6.84% |
| VBSP | | 901 | 1.85% | 1,445 | 4.85% |
| Others | | - | 0.00% | - | 0.00% |
| Subtotal (1) | | 48,663 | 100.00% | 29,769 | 100.00% |
| Repo | | | | | |
| Repo | | 47,810 | 51.84% | 48,257 | 54.66% |
| Reserve Repo | | 44,414 | 48.16% | 40,030 | 45.34% |
| Subtotal (2) | | 92,224 | 100.00% | 88,287 | 100.00% |
| ST bills | | | | | |
| Outright | | | | | |
| Repo | | | | | |
| Subtotal (3) | | | | | |
| Total (1)+(2)+(3) | | 140,887 | | 118,056 | |

Open Market Operation

| | | Reverse Repo | | | Outright (SBV Bills) | | | |
|----------------------|--------|--------------|----------|-------------|----------------------|---------------|---------------|---------------|
| Date | Due | Offer | Balance | Outstanding | Due | Offer | Balance | Outstanding |
| 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 |
| 09/23 - 09/27 | - | - | - | - | 68,997 | 65,996 | (3,001) | 65,996 |
| 09/30 - 10/04 | - | - | - | - | 65,996 | 86,997 | 21,000 | 86,997 |

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>

| | |
|---|--|
| Ha Noi Headquarter | Floor 12 th & 17 th , Vietcombank Tower, 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi Tel: (84-4)-39366990 ext: 140/143/144/149/150/151 |
| Ho Chi Minh Branch | Floor 1 st and 7 th , 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 |
| Da Nang Branch | Floor 12 th , 135 Nguyen Van Linh Street, Thanh Khe District, Da Nang City. Tel: (+84-236) 3888 991 ext: 801/802 |
| Nam Sai Gon Transaction Unit | Floor 3 rd , 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 |
| Giang Vo Transaction Unit | Floor 1 st , Building C4 Giang Vo, Giang Vo Ward, Ba Dinh District, Hanoi. Tel: (+84-24) 3726 5551 |
| Tay Ho Transaction Unit | 1st & 3rd Floor, 565 Lac Long Quan Street, Tay Ho District, Hanoi. Tel: (+84-24) 2191048 (ext: 100) |
| Hoang Mai Transaction Unit | 1st Floor Han Viet Building, 203 Minh Khai Street, Hai Ba Trung District, Hanoi. Tel: (+84-24) 3220 2345 |
| Can Tho Representative Office | Floor 1 st , Vietcombank Can Tho Building, 7 Hoa Binh Avenue, Ninh Kieu District, Can Tho City. Tel: (+84-292) 3750 888 |
| Vung Tau Representative Office | Floor 1 st , 27 Le Loi Street, Vung Tau City, Ba Ria - Vung Tau Province. Tel: (+84-254) 351 3974/75/76/77/78 |
| An Giang Representative Office | Floor 7 th , Vietcombank An Giang Tower, 30-32 Hai Ba Trung, My Long Ward, Long Xuyen City, An Giang Province Tel: (84-76)-3949843 |
| Dong Nai Representative Office | Floor 1 st & 2 nd , 79 Hung Dao Vuong, Trung Dung Ward, Bien Hoa City, Dong Nai Province. Tel: (84-61)-3918815 |
| Hai Phong Representative Office | Floor 2 nd , 11 Hoang Dieu Street, Minh Khai Ward, Hong Bang District, Hai Phong City. Tel: (+84-225) 382 1630 |
| Binh Duong Representative Office | Floor 3 th , 516 Cach Mang Thang Tam Street, Phu Cuong Ward, Thu Dau Mot City, Binh Duong Province. Tel: (+84-274) 3855 771 |