

**Fixed-Income Report**

November 18<sup>th</sup> – 22<sup>th</sup>/2019

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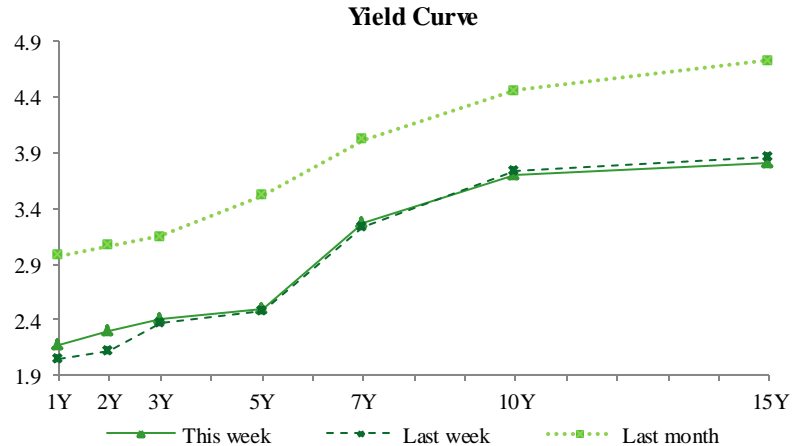
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**Round-up**

Winning volume focused on 10Y & 15Y tenors.  
Yield curve experienced a minor change  
Interbank rates pressed higher.



Source: Bloomberg, VCBS

■ VND 11,650 bn was mobilized this week. VND 97,764 bn (+38.83%) was traded on the secondary market.

■ Yield curve fluctuated in a tight band, short-term tenors inched up while long-term tenors decreased fictionally. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 2.167% (+12.3 bps), 2.3% (+18.6 bps), 2.402% (+3.7 bps), 2.505% (+3.3 bps), 3.275% (+4.7 bps), 3.698% (-4.6 bps), 3.802% (-6 bps), respectively.

■ Interbank rates pressed higher. In details, ON – 3M rates posted at 3.61%, 3.69%, 3.69%, 3.64% and 4.12%, respectively according to Bloomberg data.

■ Foreign investors net bought VND 535,27 bn this week.

■ SBV net injected VND 24,997 bn via OMO channel.

**VCBS Commentary November 25<sup>th</sup> – November 29<sup>th</sup>**

■ This week, exchange rates in free market as well as the ones stated at commercial banks experienced minor change. It is likely that bond yield may fluctuate in a tight band, and the movement shall depend on the liquidity status in the banking system.

■ Interbank rates increased considerably this week. In our opinions, this did not reflect the market level, the upward force may be resulted from abnormal demand of some individual banks. In the positive context, the tensional force shall not be stayed in long periods and liquidity will be abundant in the upcoming week.

**Bond Market**

**Primary Market**

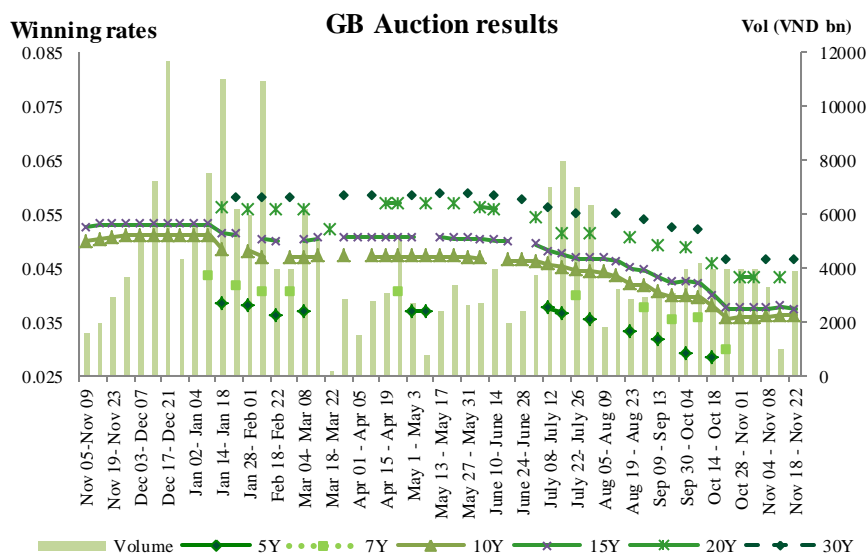
**Winning volume focused on 10Y & 15Y tenors.**

**VND 11,650 bn was mobilized this week.**

**VND 11,650 bn was mobilized this week from ST and VDB.** In detail, **VND 3,900 bn was mobilized this week from ST.** Therein, ST issued **VND 400 bn** at 5Y, **VND 1,500 bn** at 10Y, **VND 1,500 bn** at 15Y, plus **VND 500 bn** at 30Y bond. The registered volume to offering volume ratio for 5Y, 10Y, 15Y & 30Y tenors were 5.00, 3.07, 3.05 and 2.64 times. Total winning volume to offering volume ratio reached 97.50%, showing the high demand for all tenors from both financial institutions. Meanwhile, winning rate for 5Y, 10Y, 15Y & 20Y tenors stood at 3.37% (-48 bps), 3.62% (0 bps), 3.74% (-04 bps), 4.64% (0 bps), respectively.

Meanwhile, VDP mobilized VND 7,750 bn at 5Y, 7Y, 10Y and 15Y and winning rates for these tenors stood at 3.70%, 3.95%, 4.45%, 4.50%, respectively.

VBSP did not mobilize bond this week.



Source: HNX, VCBS

**Secondary Market**

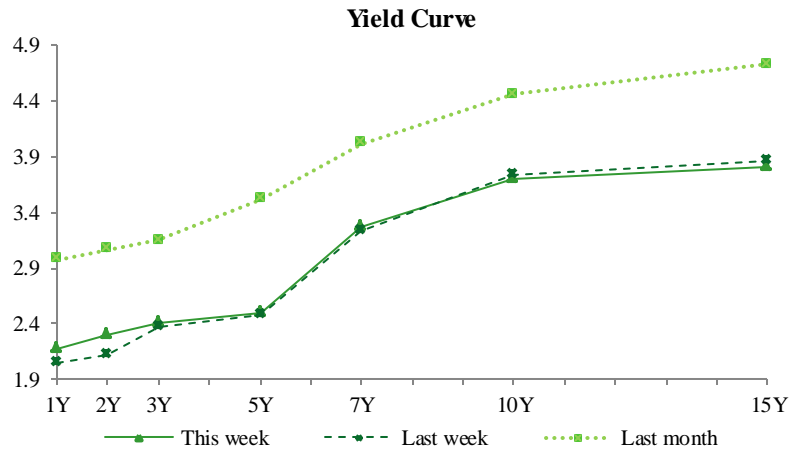
**Trading volume increased considerably compared to the previous trading week.**

**VND 97,764 bn (+38.82%) was traded on the secondary market.**

**VND 97,764 bn (+38.83%)** was traded on the secondary market. Average trading volume each session reached VND 19,553 bn. In detail, Outright and repo values were at VND 51,624 bn (+43.06% wow) and VND 46,139 bn (+34.37% wow), respectively. Regarding outright, ST-Bond kept dominating trading volume with 85.18%. Remarkably, **this week a large proportion of bond trading (31.14%) belonged to short-term bond (<5 year)** followed by long-term bond (>10 year) (26.36%).

**Yield curve fluctuated in a tight band, short-term tenors inched up while long-term tenors decreased fictionally.** According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond

yields posted at 2.167% (+12.3 bps), 2.3% (+18.6 bps), 2.402% (+3.7 bps), 2.505% (+3.3 bps), 3.275% (+4.7 bps), 3.698% (-4.6 bps), 3.802% (-6 bps), respectively.



Source: Bloomberg, VCBS

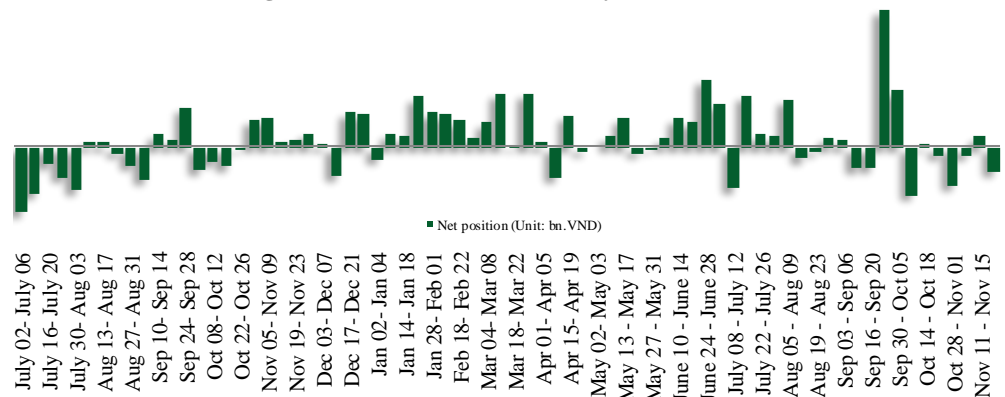
Following decision on cutting deposit rates and loan rates, the SBV has issued Cir 22/2019/TT-NHNN at 15/11/2019 about regulations on limits and safety ratios in the operation of banking industry, and Circular 18/2019/TT-NHNN on consumer loans at finance companies. In our opinion, financial institutions may have enough transitional time to adapt the smooth roadmap.

This week, exchange rates in free market as well as the ones stated at commercial banks experienced minor change. However, uncertainty still remained because tensions between US and China may not stop in the short-run. This matter will be the short-term risk to the bond market. Therefore, it is likely that bond yield may fluctuate in a tight band the movement shall depend on the liquidity status in the banking system.

**Foreign investors net sold VND 535,27 bn this week.**

**Foreign investor net bought VND 535,27 bn this week**, net sell recorded in all tenors, especially they mainly focused on long-term tenors.

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



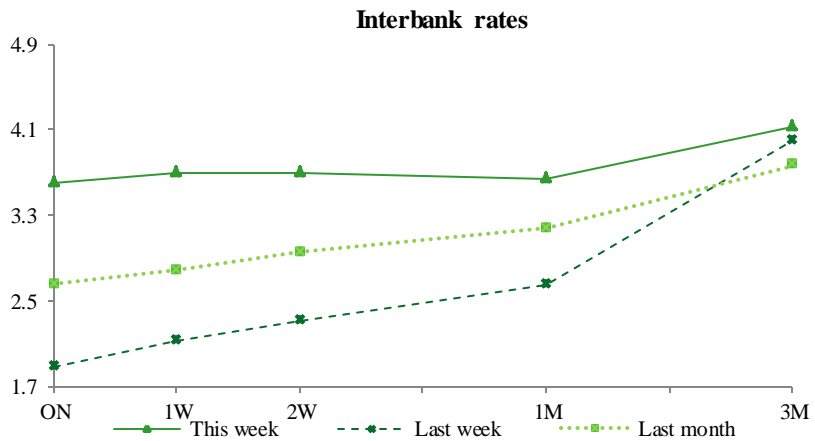
Source: HNX, VCBS

**INTEREST RATE**

**Interbank rates pressed higher.**

**Interbank Rates**

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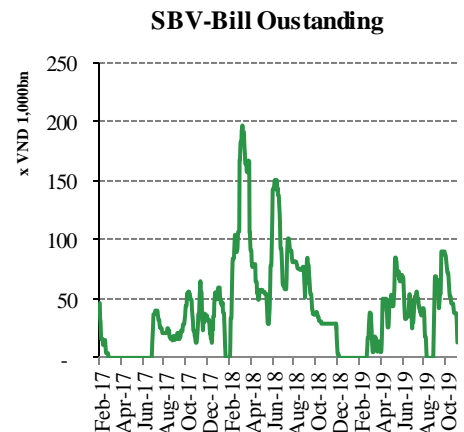
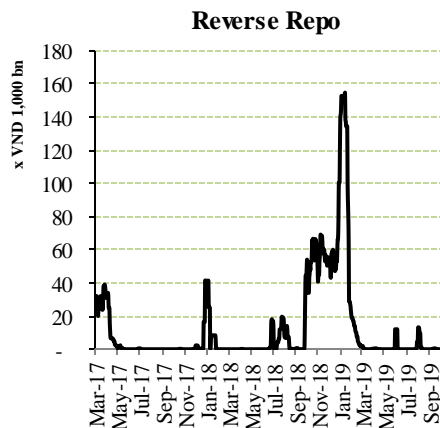
Source: Bloomberg, VCBS

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**Open Market Operation**

**SBV net injected VND 24,997 bn via OMO channel.**

**SBV net injected VND 24,997 bn via OMO channel.** In detail, VND 37,996 bn of SBV-bill matured while SBV offered VND 12,999 bn of SBV-bill of 7 days at 2.25%. In the context of tighter liquidity, SBV did not offer SBV-bill in the last two trading sessions.



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>								
20-Nov-19	5Y	500	2,501	400	5.00	2.37	80.00%	ST
20-Nov-19	10Y	1,500	4,600	1,500	3.07	3.62	100.00%	ST
20-Nov-19	15Y	1,500	4,570	1,500	3.05	3.74	100.00%	ST
20-Nov-19	30Y	500	1,318	500	2.64	4.64	100.00%	ST
19-Nov-19	5Y	1,000	2,201	900	2.20	3.7	90.00%	VDB
19-Nov-19	7Y	1,000	2,050	850	2.05	3.95	85.00%	VDB
19-Nov-19	10Y	3,000	9,000	3,000	3.00	4.45	100.00%	VDB
19-Nov-19	15Y	3,000	8,950	3,000	2.98	4.5	100.00%	VDB

### Secondary Market

Issuer	Week 11 Nov – 15 Nov		Week 18 Nov – 22 Nov	
	Value	Value share	Value	Value share
<b>Outright</b>				
ST	31,896	88.88%	43,975	85.18%
VDB	2,659	7.41%	4,692	9.09%
VBSP	1,330	3.71%	2,957	5.73%
Others	-	0.00%	-	0.00%
<i>Subtotal (1)</i>	35,886	100.00%	51,624	100.00%
<b>Repo</b>				
Repo	34,337	44.48%	46,139	53.54%
Reserve Repo	42,858	55.52%	40,045	46.46%
<i>Subtotal (2)</i>	77,195	100.00%	86,184	100.00%
<b>ST bills</b>				
Outright				
Repo				
<i>Subtotal (3)</i>				
<b>Total (1)+(2)+(3)</b>	<b>113,081</b>		<b>137,809</b>	

### Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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
10/07 - 10/11	-	497	497	497	86,997	89,996	2,999	89,996
10/14 - 10/18	497	-	(497)	-	-	86,995	86,995	86,995
10/21 - 10/25	-	-	-	-	86,995	71,996	(14,999)	71,996
10/28 - 11/01	-	-	-	-	71,995	51,996	(19,999)	51,996
11/04 - 11/08	-	-	-	-	51,996	45,998	(5,999)	45,998
11/11 - 11/15	-	-	-	-	45,998	37,996	(8,001)	37,996
<b>11/18 - 11/22</b>	-	-	-	-	<b>37,996</b>	<b>12,999</b>	<b>(24,997)</b>	<b>12,999</b>

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