

Fixed-Income Report

May 20th – 24th/2019

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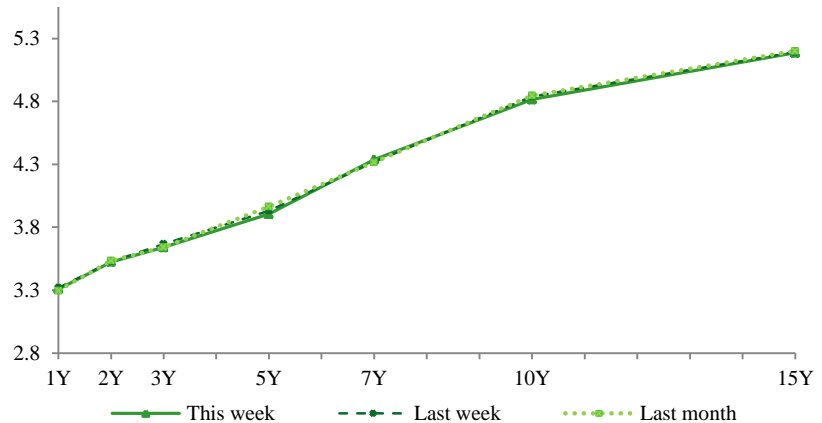
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Round-up

- Wining rates decreased by 1bp for all tenors.
- Yield curve shifted downward minimally.
- Interbank rates extended its slight uptrend.

Yield Curve



Source: Bloomberg, VCBS

■ VND 3,400 bn was mobilized this week. VND 46,445 bn was traded on the secondary market.

■ Yield curve shifted downward minimally. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 3.258% (-1 bps), 3.475% (-0.2 bps), 3.59% (-2.7 bps), 3.855% (-2.7 bps), 4.287% (+1.7 bps), 4.765% (-2.5 bps), 5.137% (-0.6 bps), respectively.

■ Interbank rates extended its slight uptrend. In details, ON – 3M rates posted at 3.138%, 3.237%, 3.306%, 3.513% and 4.075%, respectively according to Bloomberg data.

■ Foreign investors net sell roughly VND 130.96 bn this week.

■ SBV net injected VND 4,907 bn via OMO channel.

VCBS Commentary May 27th – May 31st

■ Till now, we do not foresee chance that bond yield will tick up strongly. Instead, it is likely that bond yields will experience a minor change.

■ We believe in the upcoming period, interbank rate will move in a tight band around this present level. No liquidity tense shall be recorded.

Bond Market

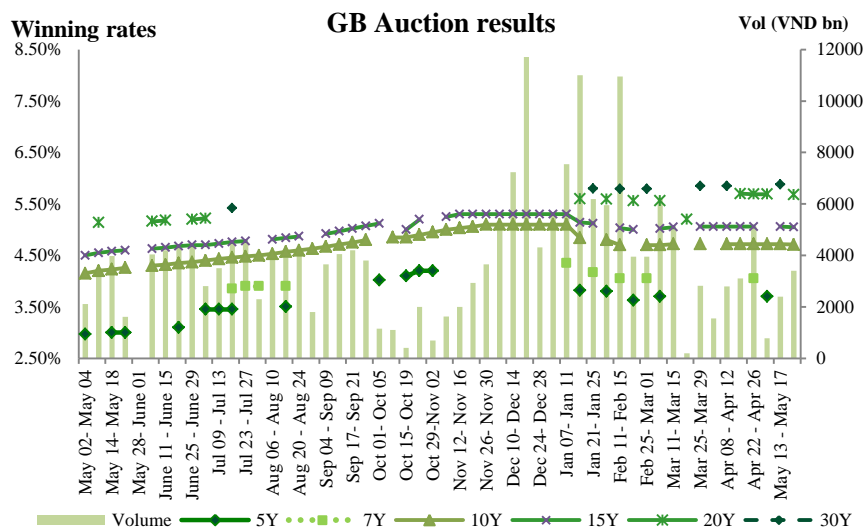
Primary Market

Wining rates decreased by 1bp for all winning tenors

VND 3,400 bn was mobilized this week.

VND 3,400 bn was mobilized this week from ST. Therein, ST planned to issue VND 500 bn at 7Y; VND 1,000 bn at 10Y; VND 1,000 bn at 15Y plus VND 1,500 bn at 20Y bond. The registered volume to offering volume ratio for 7Y, 10Y, 15Y & 20Y tenors were 1.30, 4.05, 4.83 and 4.34 times respectively, which showed that investors' sentiment was more optimistic. The average register to offering ratio was 3.63 times. Besides, the total winning to offering ratio was 85% with 15Y, 20Y tenor were issued successfully, while the auction for 7Y tenor failed. Wining rate for 10Y, 15Y and 20Y tenors decreased by 1bp each tenor compared to the previous session and stood at 4.71%, 5.05% and 5.68%, respectively.

VBSP and VDB did not mobilize bond this week.



Source: HNX, VCBS

Secondary Market

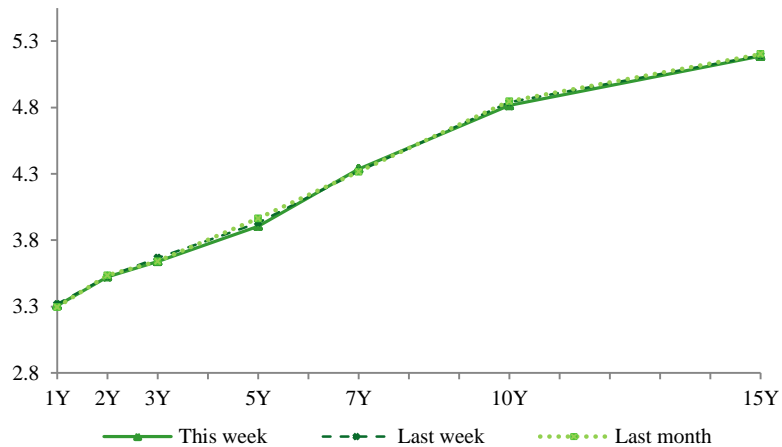
Outright trading increased strongly.

VND 46,445 bn (+35.48%) was traded on the secondary market.

VND 46,445 bn (+35.48%) was traded on the secondary market. Average trading volume each session rebounded to VND 9,289 bn (+35.48% wow) thanks to outright values increasing sharply this week. In detail, Outright and repo values were at VND 27,420 bn (+43.46% wow) and VND 19,025 bn (+25.42% wow), respectively. Regarding outright, ST-Bond kept dominating trading volume with 85.80%. Remarkably, **this week a large proportion of bond trading (29.26%) belonged to short-term bond (<5year)** followed by long-term bond (>10 year) (22.73%).

Yield curve shifted downward minimally. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 3.258% (-1 bps), 3.475% (-0.2 bps), 3.59% (-2.7 bps), 3.855% (-2.7 bps), 4.287% (+1.7 bps), 4.765% (-2.5 bps), 5.137% (-0.6 bps), respectively.

Yield Curve



Source: Bloomberg, VCBS

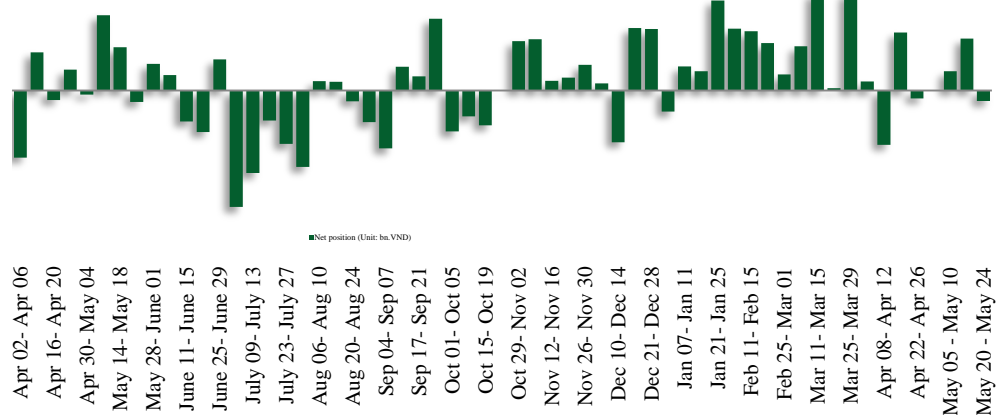
According to Vietnam’s Foreign Investment Agency, Vietnam has attracted foreign investment of USD 16.74 bn from the beginning of the year, the largest five month inflow since 2016. This is a positive sign showed that Vietnam is still attractive country for foreign inflows.

Till now, we do not foresee chance that bond yield will tick up strongly. Instead, it is likely that bond yields will experience a minor change.

Foreign investors net sell roughly VND 130.96 bn this week.

Foreign investors net sell roughly VND 130.96 bn this week. This week, foreign did not show a clear trend. Therein, foreign recorded net sell value at almost all tenors.

Foreign Investment in the secondary market 2018-2019



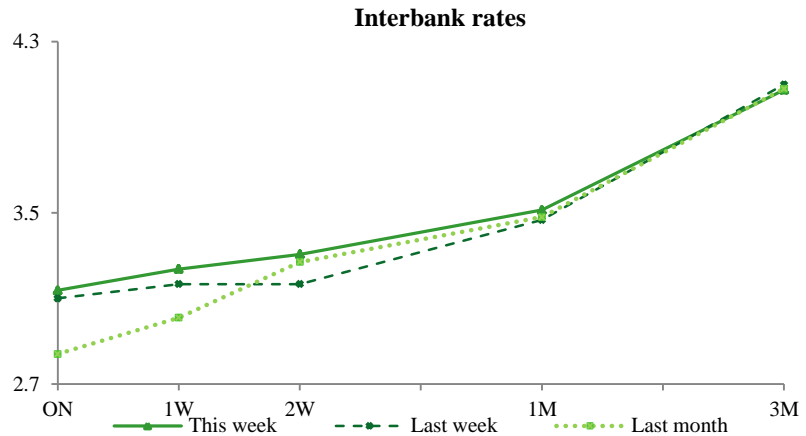
Source: HNX, VCBS

INTEREST RATE

Interbank Rates

Interbank rates extended its slight uptrend.

Interbank rates extended its slight uptrend. In details, ON – 3M rates posted at 3.138%, 3.237%, 3.306%, 3.513% and 4.075%, respectively according to Bloomberg data.



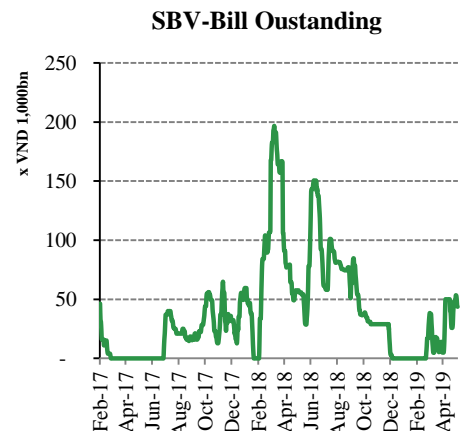
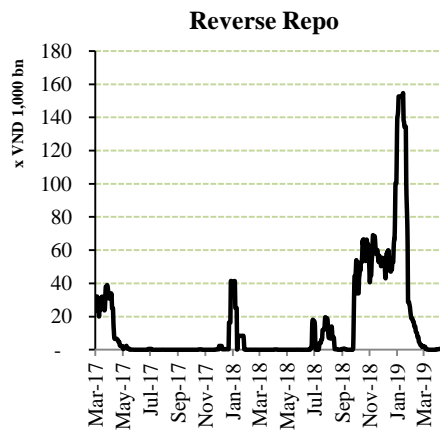
Source: Bloomberg, VCBS

At the present, we do not expect the factor which can make liquidity less ample in the context of slow credit growth and no strong pressure on exchange rate. We believe that in the upcoming period, interbank rate will move in a tight band around this present level. No liquidity tense shall be recorded.

Open Market Operation

SBV net injected VND 4,907 bn via OMO channel.

SBV net injected VND 4,907 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. In this week, outstanding for Reverse Repo declined to VND 0 bn. For Outrights, VND 48,725 bn of SBV bills matured this week while about VND 43.720 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
ST bills								
Government and government-backed bonds								
22-May-19	7Y	500	651	-	1.30	0	0.00%	ST
22-May-19	10Y	1,000	4,050	900	4.05	4.71	90.00%	ST
22-May-19	15Y	1,000	4,830	1,000	4.83	5.05	100.00%	ST
22-May-19	20Y	1,500	6,510	1,500	4.34	5.68	100.00%	ST

Secondary Market

Issuer	Week 13 May – 17 May		Week 20 May – 24 May	
	Value	Value share	Value	Value share
Outright				
ST	16,041	85.80%	24,977	91.09%
VDB	2,055	10.99%	2,338	8.53%
VBSP	600	3.21%	105	0.38%
Others	-	0.00%	-	0.00%
Subtotal (1)	18,696	100.00%	27,420	100.00%
Repo				
Repo	15,169	41.56%	19,025	51.04%
Reserve Repo	21,327	58.44%	18,247	48.96%
Subtotal (2)	36,496	100.00%	37,272	100.00%
ST bills				
Outright				
Repo				
Subtotal (3)				
Total (1)+(2)+(3)	55,192		64,692	

Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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	100335.8	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	18971	13961	(5010)	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	10199.7	(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
05/20 - 05/24	97.85	0	(97.85)	0	48725	43719.7	(5005.3)	43719.7

DISCLAIMER

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