

Fixed-Income Report

June 10th – 14th/2019

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Le Thu Ha

+84 24 3936 6990 (ext. 7182)

ltha_ho@vcbs.com.vn

Dang Khanh Linh

+84 24 3936 6990 (ext. 7183)

dklinh@vcbs.com.vn

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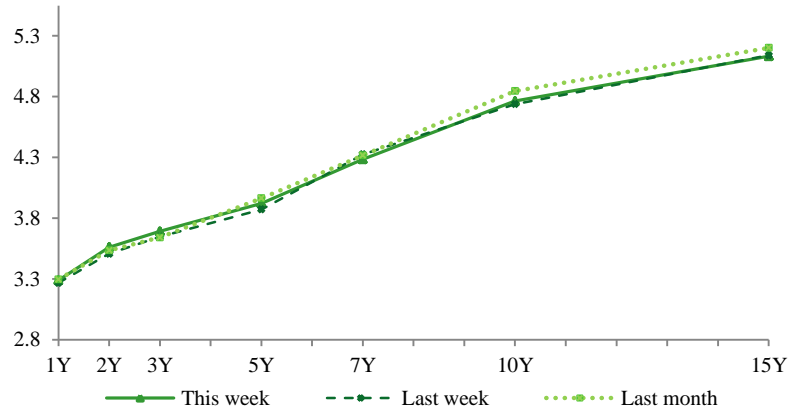
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Round-up

All tenors were issued successfully.
Yield curve fluctuated in a tight band.
Interbank rates remained at a low level.

Yield Curve



Source: Bloomberg, VCBS

■ VND 4,000 bn was mobilized this week. VND 37,940 bn was traded on the secondary market.

■ Yield curve fluctuated in a tight band. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 3.24% (+2.2 bps), 3.512% (+5.4 bps), 3.642% (+4.5 bps), 3.873% (+5.1 bps), 4.235% (-4 bps), 4.713% (+2.5 bps), 5.082% (-0.8 bps), respectively.

■ Interbank rates remained at a low level. In details, ON – 3M rates posted at 2.975%, 3.1%, 3.15%, 3.3% and 3.925%, respectively according to Bloomberg data. Market liquidity was abundant in recent sessions.

■ Foreign investors net bought VND 633.94 bn this week.

■ SBV net injected VND 5,651 bn via OMO channel.

VCBS Commentary June 17th – June 21st

■ It should be note that in the upcoming week, FOMC in June is taking place with expectation of lower level of interest rate. Besides, liquidity in money market is still abundant. Hence, with all these factors, bond yields will move in a tight band, the downward pressure if any shall be affected when Fed announce policies on June 18-19.

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

Bond Market

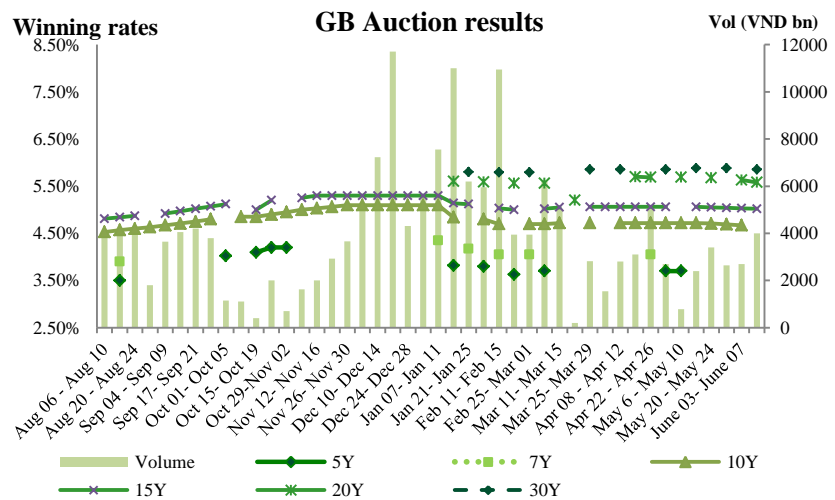
Primary Market

All tenors were issued successfully.

VND 4,000 bn was mobilized this week.

VND 4,000 bn was mobilized this week from ST. Therein, ST planned to issue VND 1,000 bn at 15Y; VND 1,500 bn at 20Y plus VND 1,500 bn at 30Y bond. The demand for bonds was particularly high in this auction. Especially, 20Y tenor has remarkable registered volume to offering volume ratio and bond yields decreased considerably. The registered volume to offering volume ratio for 15Y, 20Y & 30Y tenors were 3.47, 7.99 and 4.67 times respectively. The average register to offering ratio was 5.22 times. In addition, these tenors were issued successfully, which indicated the high demand for long-term tenors from financial institutions, especially insurance companies and investment funds. Wining rate for 15Y, 20Y and 30Y tenors stood at 5.02% (-1 bps), 5.58% (-5 bps) and 5.85% (-3 bps), respectively.

VBSP and VDB did not mobilize bond this week.



Source: HNX, VCBS

Secondary Market

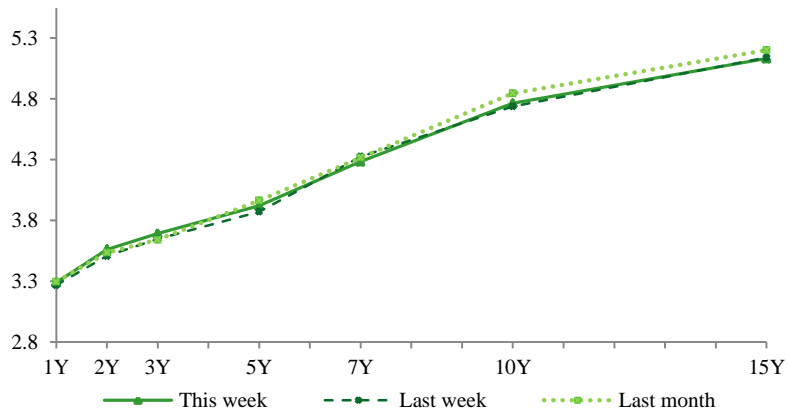
Average volume each session increased slightly.

VND 37,940 bn (+7.19%) was traded on the secondary market.

VND 37,940 bn (+7.19%) was traded on the secondary market. Average trading volume each session rose slightly to VND 7.609 bn (+7.46%). In detail, Outright and repo values were at VND 16,474 bn (+25.58% wow) and VND 21,465 bn (-3.63% wow), respectively. Regarding outright, ST-Bond kept dominating trading volume with 90.09%. Remarkably, this week a large proportion of bond trading (48.82%) belonged to short-term bond (<5year) followed by long-term bond (>10 year) (19.95%).

Yield curve fluctuated in a tight band. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 3.24% (+2.2 bps), 3.512% (+5.4 bps), 3.642% (+4.5 bps), 3.873% (+5.1 bps), 4.235% (-4 bps), 4.713% (+2.5 bps), 5.082% (-0.8 bps), respectively.

Yield Curve



Source: Bloomberg, VCBS

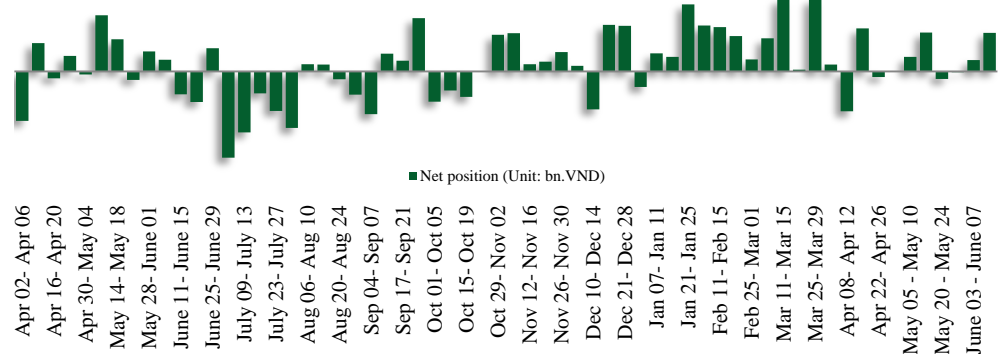
The US-China trade war temporarily stopped escalating to wait for the results of the bilateral meeting at G20 summit in Japan on June 28-29, although the possibility of a deal is quite low. Besides, it should be note that in the upcoming week, FOMC in June is taking place with expectation of lower level of interest rate. This news support investors' sentiment for small downward force on bond yields.

Besides, liquidity in money market is still abundant. Hence, with all these factors, bond yields will move in a tight band, the downward pressure if any shall be affected when Fed announce policies on June 18-19.

Foreign investors net bought VND 633.94 bn this week.

Foreign investors net bought VND 633.94 bn this week. Therein, foreign recorded transactions for all tenors.

Foreign Investment in the secondary market 2018-2019



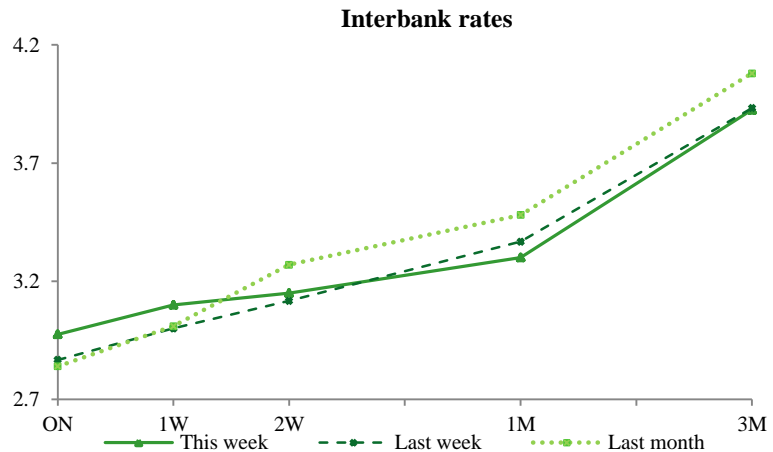
Source: HNX, VCBS

INTEREST RATE

Interbank Rates

Interbank rates remained at a low level.

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Source: Bloomberg, VCBS

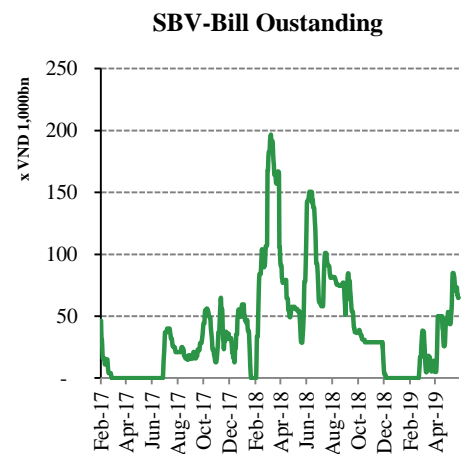
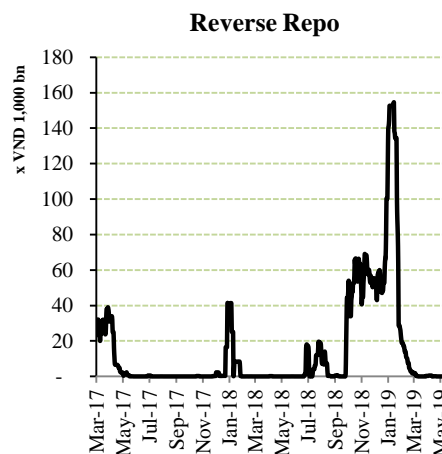
In the afternoon of June 13th, the State Bank of Vietnam (SBV) held the information session of the banking operation results in the first 6 months of 2019. According to the reported data, as of June 10, credit growth was 5.75%, the lowest level for 4 years. Moderate growth encouraged banks to focus on borrowers of better quality, which shall improve asset quality of banks in the long run.

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 injected VND 5,651 bn via OMO channel.

SBV net injected VND 5,651 bn via OMO channel. In detail, VND 70,449 bn of SBV-Bills matured this week, while the issuance of new bills was VND 64,799 bn at the time to maturity of 7 days at rate of 3%. This indicated abundant liquidity and therefore it is considered a good signal to the market.



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								
12-Jun-19	15Y	1,000	3,470	1,000	3.47	5.02	100.00%	ST
12-Jun-19	20Y	1,500	11,989	1,500	7.99	5.58	100.00%	ST
12-Jun-19	30Y	1,500	7,007	1,500	4.67	5.85	100.00%	ST

Secondary Market

Issuer	Week 03 June – 07 June		Week 10 June – 14 June	
	Value	Value share	Value	Value share
Outright				
ST	10,953	83.49%	14,841	90.09%
VDB	2,043	15.58%	1,200	7.29%
VBSP	123	0.94%	433	2.63%
Others	-	0.00%	-	0.00%
<i>Subtotal (1)</i>	13,119	100.00%	16,474	100.00%
Repo				
Repo	22,275	47.74%	21,465	51.30%
Reserve Repo	24,380	52.26%	20,381	48.70%
<i>Subtotal (2)</i>	46,655	100.00%	41,846	100.00%
ST bills				
Outright				
Repo				
<i>Subtotal (3)</i>				
Total (1)+(2)+(3)	59,773		58,320	

Open Market Operation

Date	Due	Offer	Reverse Repo		Outright (SBV Bills)			
			Balance	Outstanding	Due	Offer	Balance	Outstanding
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	52,815	100,336	47,521	100,336	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	(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	10,200	(6,801)	10,200
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

DISCLAIMER

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CONTACT INFORMATION

Tran Minh Hoang	Le Thu Ha	Dang Khanh Linh
Head of Research	Senior Analyst - Economic research	Analyst - Economic research
tmhoang@vcbs.com.vn	ltha_ho@vcbs.com.vn	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