

Fixed-Income Report

August 05th – 09th/2019

In this issue

- Round up
- Bond market
- Interest rates

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

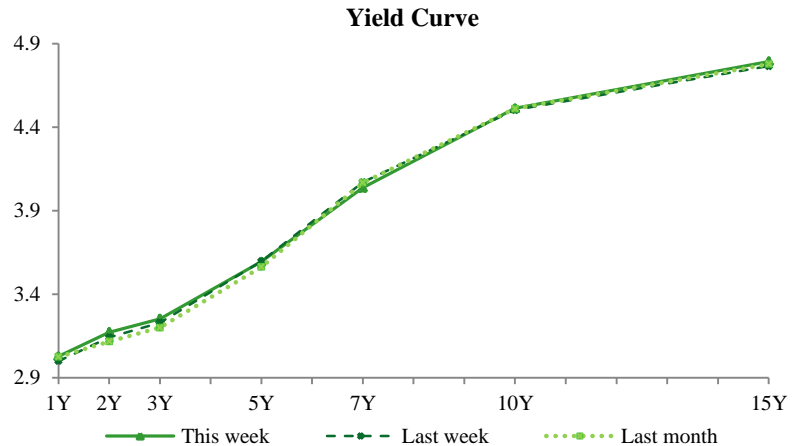
See Disclaimer at Page 5

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

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

Round-up

**Winning rates continued to decrease.
Bond yield ticked up fractionally.
Interbank rates inched up.**



Source: Bloomberg, VCBS

■ VND 1,850 bn was mobilized this week. VND 48,525 bn (+3.34%) was traded on the secondary market.

■ Yield curve shifted upward fractionally. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 2.978% (+2.8 bps), 3.123% (+3.1 bps), 3.203% (+2.3 bps), 3.545% (-0.2 bps), 3.987% (-3.3 bps), 4.462% (+1 bps), 4.742% (+2.7 bps), respectively.

■ Interbank rates inched up. In details, ON – 3M rates posted at 2.9%, 3%, 3.112%, 3.375% and 4%, respectively according to Bloomberg data.

■ Foreign investors net bought VND 1,067 bn this week.

■ SBV net injected VND 11,000 bn via OMO channel.

VCBS Commentary August 12th – August 16th

■ From the primary market and global macroeconomic indicators, it can be indicated that investors are conservative about the movement of the bond yields. As we anticipate that during next week, interbank rate may tick up minimally, there is likelihood that bond yields may increase.

■ Next week, we believe that interbank rate may bear a slight upward force as favorable factor was no longer exists especially when uncertainty rising fast. However, no liquidity shortage fall shall be recorded in the context of good inflows to Vietnam.

Bond Market

Primary Market

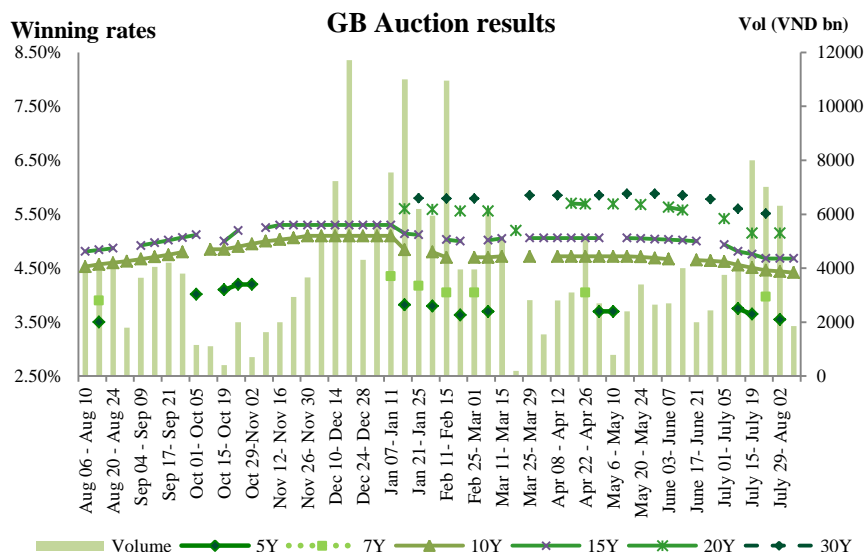
Winning rates continued to decrease.

VND 1,850 bn was mobilized this week.

VND 1,850 bn was mobilized this week from ST. Therein, ST planned to issue VND 1,000 bn at 10Y plus VND 1,000 bn at 15Y bond. The registered volume to offering volume ratio for 10Y& 15Y tenors were 4.75 and 3.40 times, indicated the high demand for these tenors. Total winning volume to offering volume ratio was 92.5%. Winning rate for 10Y and 15Y tenors stood at 4.42% (-2 bps) and 4.68% (0 bps), respectively.

This week saw an auction less active than the previous sessions

VBSP and VDB did not mobilize bond this week.



Source: HNX, VCBS

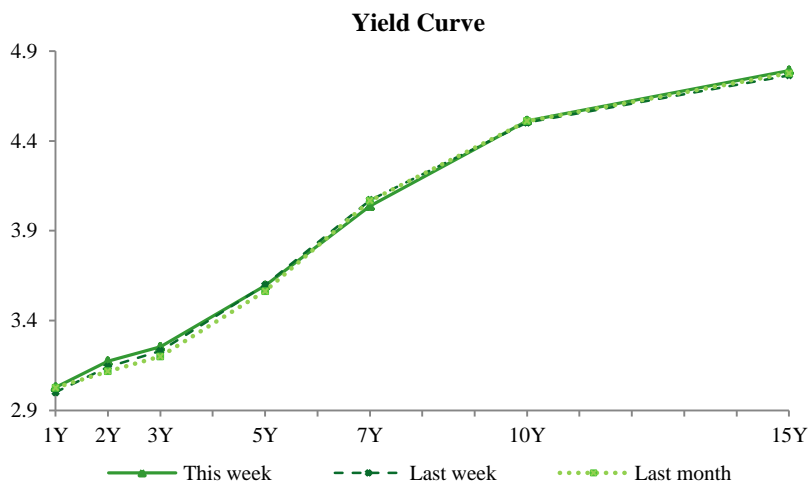
Secondary Market

Trading volume kept at moderate level this week.

VND 48,525 bn (+3.34%) was traded on the secondary market.

VND 48,525 bn (+3.34%) was traded on the secondary market. Average trading volume each session reached VND 9.705 bn (+3.34%). In detail, Outright and repo values were at VND 20,886 bn and VND 27,640 bn, respectively. Regarding outright, ST-Bond kept dominating trading volume with 92.46%. Remarkably, **this week a large proportion of bond trading (34.49%) belonged to short-term bond (<5year)** followed by long-term bond (>10 year) (31.06%).

Yield curve shifted upward fractionally. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 2.978% (+2.8 bps), 3.123% (+3.1 bps), 3.203% (+2.3 bps), 3.545% (-0.2 bps), 3.987% (-3.3 bps), 4.462% (+1 bps), 4.742% (+2.7 bps), respectively.



Source: Bloomberg, VCBS

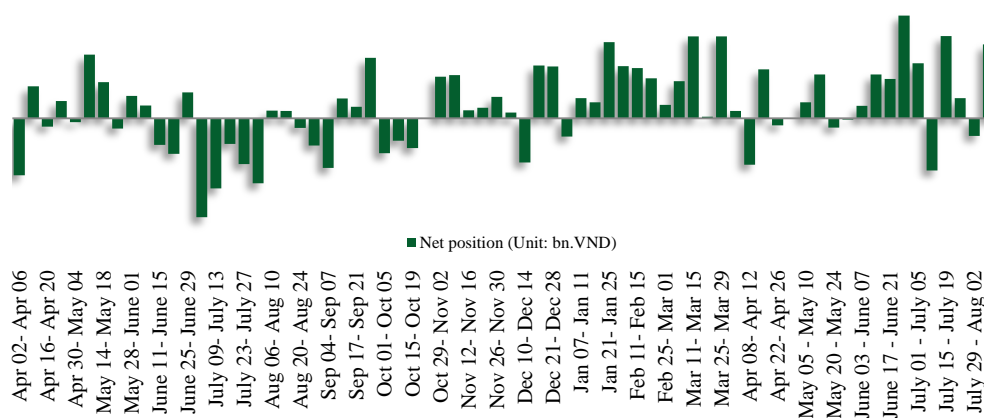
After announcement to apply tariff of 10% towards the rest of Chinese goods, China sharply devaluated VNY. Last week also saw USD/CNY exchange rate break 7.0. The movement of the international market will determine the trend of the USD/VND exchange rate. On the other hand, the State Bank has certain room to deal with unpredictable risks; therefore, although exchange rate is vulnerable to upward pressure when global market is surrounded by uncertainties, we anticipate that VND depreciation for the whole year of 2019 will not exceed 2%.

From the primary market and global macroeconomic indicators, it can be indicated that investors are gradually conservative about the movement of the bond yields. As we anticipate that during next week, interbank rate may tick up minimally, there is likelihood that bond yields may increase slightly.

Foreign investors net bought VND 1,067 bn this week.

Foreign investors net bought VND 1,067 bn this week, they mainly focused on short-term tenors (<5 years).

Foreign Investment in the secondary market 2018-2019



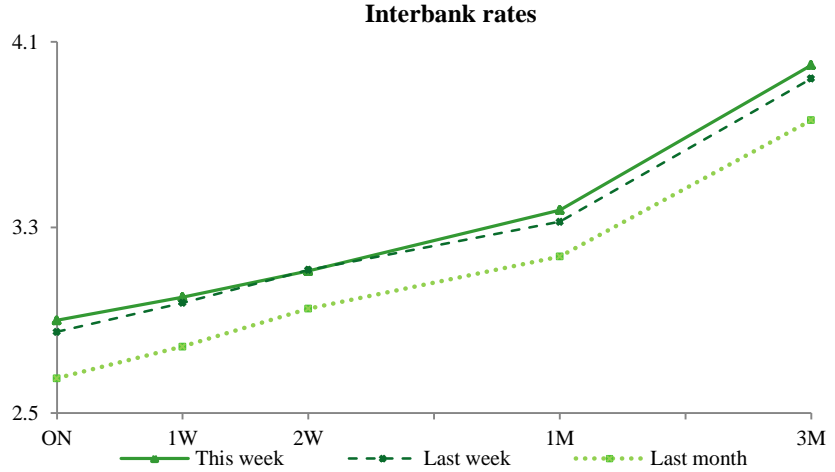
Source: HNX, VCBS

INTEREST RATE

Interbank Rates

Interbank rates inched up

Interbank rates inched up. In details, ON – 3M rates posted at 2.9%, 3%, 3.112%, 3.375% and 4%, respectively according to Bloomberg data.



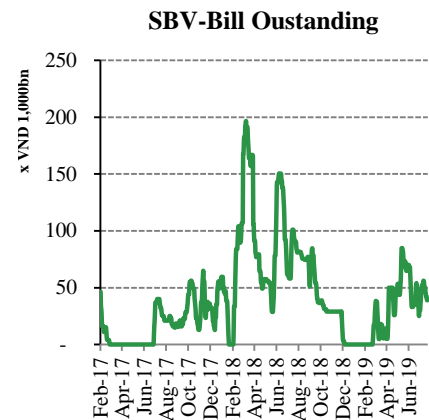
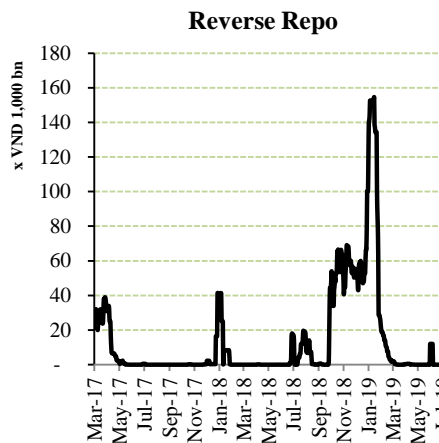
Source: Bloomberg, VCBS

Next week, we believe that interbank rate may bear a slight upward force as favorable factor was no longer exits especially when uncertainty rising fast. However, no liquidity shortage fall shall be recorded in the context of good inflows to Vietnam.

Open Market Operation

SBV net injected VND 11,000 bn via OMO channel.

SBV net injected VND 11,000 bn via OMO channel. SBV continuously offer VND 1,000 bn of Reverse Repo each session this week, but there was no wining volume recorded. For SBV-bills, VND 49,999 bn of SBV-Bills matured this week, while the issuance of new bills was VND 38,999 bn at the time to maturity of 7 days at rate of 2.75%.



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								
7-Aug-19	10Y	1,000	4,745	1,000	4.75	4.42	100.00%	ST
7-Aug-19	15Y	1,000	3,400	850	3.40	4.68	85.00%	ST

Secondary Market

Issuer	Week 15 July – 19 July		Week 22 July – 26 July	
	Value	Value share	Value	Value share
Outright				
ST	21,884	91.00%	19,311	92.46%
VDB	1,203	5.00%	794	3.80%
VBSP	962	4.00%	781	3.74%
Others	-	0.00%	-	0.00%
<i>Subtotal (1)</i>	24,049	100.00%	20,886	100.00%
Repo				
Repo	22,909	53.96%	27,640	52.65%
Reserve Repo	19,544	46.04%	24,861	47.35%
<i>Subtotal (2)</i>	42,453	100.00%	52,500	100.00%
ST bills				
Outright				
Repo				
<i>Subtotal (3)</i>				
Total (1)+(2)+(3)	66,502		73,386	

Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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	18,971	13,961	(5,010)	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
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

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	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