

Fixed-Income Report

August 12th – 16th/2019

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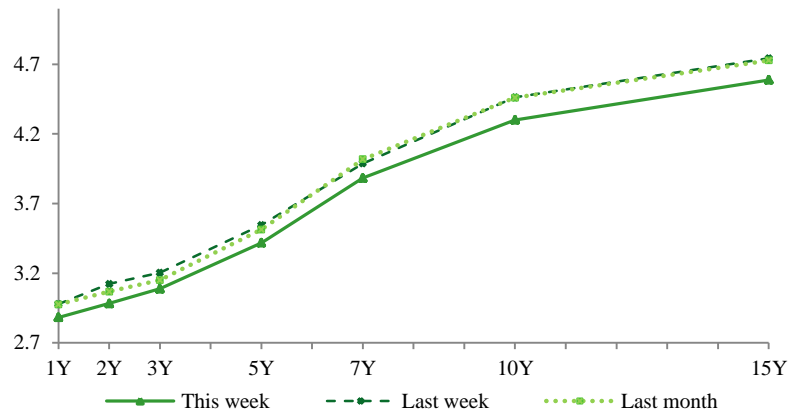
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Round-up

Winning volume focused on 10Y and 15Y tenors.
Yield curve shifted downward.
Interbank rates pulled down.

Yield Curve



Source: Bloomberg, VCBS

■ VND 3,194 bn was mobilized this week. VND 40,659 bn (-16.50%) was traded on the secondary market.

■ Yield curve shifted downward with bond yield decreased for all tenors. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 2.883% (-9.5 bps), 2.982% (-14.1 bps), 3.088% (-11.5 bps), 3.418% (-12.7 bps), 3.883% (-10.4 bps), 4.3% (-16.2 bps), 4.587% (-15.5 bps), respectively.

■ Interbank rates pulled down thanks to abundant liquidity. In details, ON – 3M rates posted at 2.8%, 2.867%, 2.983%, 3.333% and 4% respectively according to Bloomberg data.

■ Foreign investors net sell VND 47.94 bn this week.

■ SBV net withdrew VND 3,000 bn via OMO channel.

VCBS Commentary August 19th – August 23rd

■ We anticipate yield curve less likely shift downward in upcoming weeks. Instead, losing momentum shall become gradually become weaker because positive factors have already been reflected in the bond market.

■ In the context of stable economy and no strong pressure on exchange rate when participants get acquire the fact that tension could not come to an end in the short-run, we do not expect the factors which can make liquidity less abundant at the present. Instead, interbank rate may remain this present level in the upcoming period.

Bond Market

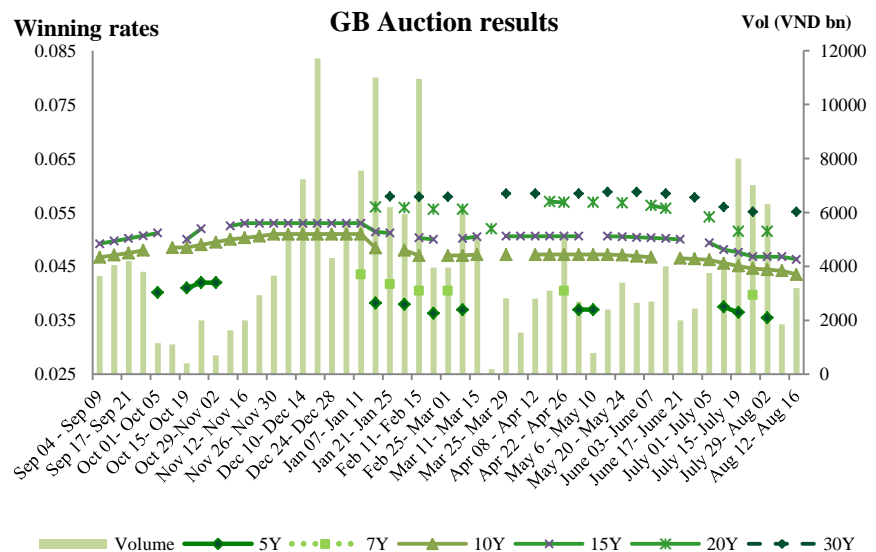
Primary Market

Winning volume focused on 10Y and 15Y tenors.

VND 3,194 bn was mobilized this week.

VND 3,194 bn was mobilized this week from ST. Therein, ST issued VND 1,500 bn at 10Y, VND 1,500 bn at 15Y plus VND 194 bn at 30Y bond. The registered volume to offering volume ratio for 10Y, 15Y & 30Y tenors were 5.69, 4.68 and 2.27 times, indicated the high demand for 10-15Y tenors. Total winning volume to offering volume ratio was 91.26%. Meanwhile, winning rate for 10Y, 15Y tenors decreased to 4.35% (-7 bps), 4.63% (-5 bps), while winning rate for 30Y tenor unchanged compared to the previous session and stood at 5.51%.

VBSP and VDB did not mobilize bond this week.



Source: HNX, VCBS

Secondary Market

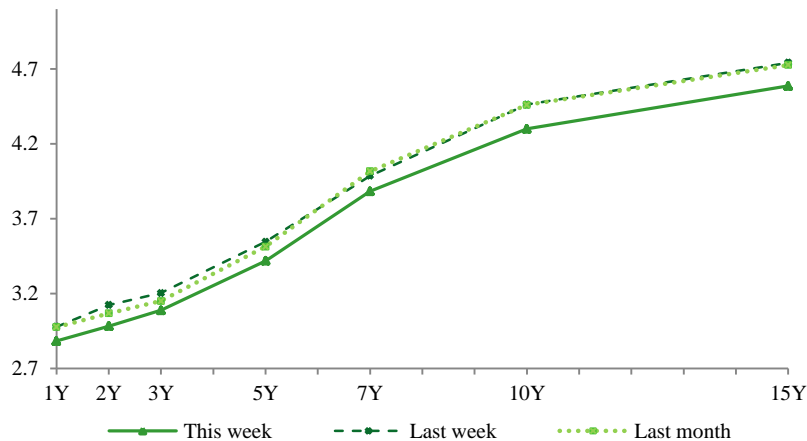
Trading volume kept at moderate level this week.

VND 40,659 bn (-16.50%) was traded on the secondary market.

VND 40,659 bn (-16.50%) was traded on the secondary market. Average trading volume each session declined to VND 8.132 bn (-16.50%) due to lessen repo trading volume. In detail, Outright and repo values were at VND 19,493 bn (-7.42% wow) and VND 21,166 bn (-23.42% wow), respectively. Regarding outright, ST-Bond kept dominating trading volume with 98%. Remarkably, **this week a large proportion of bond trading (34.49%) belonged to long-term bond (>10year)** followed by long-term bond (<5 year) (25.34%).

Yield curve shifted downward with bond yield decreased for all tenors. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 2.883% (-9.5 bps), 2.982% (-14.1 bps), 3.088% (-11.5 bps), 3.418% (-12.7 bps), 3.883% (-10.4 bps), 4.3% (-16.2 bps), 4.587% (-15.5 bps), respectively.

Yield Curve



Source: Bloomberg, VCBS

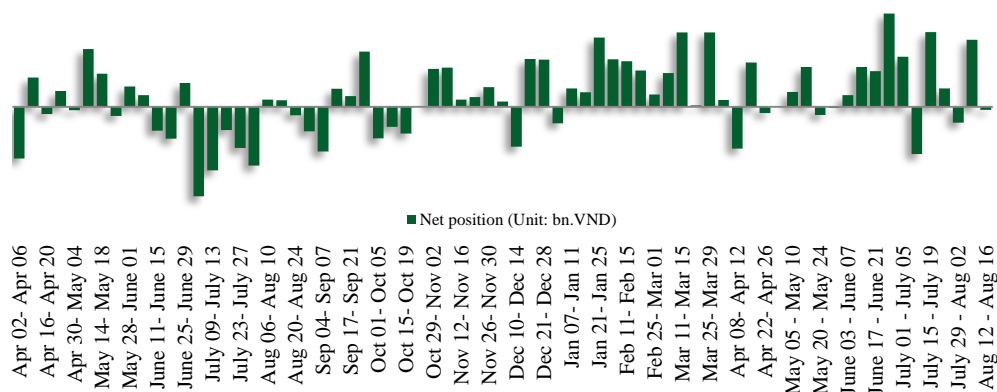
Ample liquidity in money market supported the downward force in bond market. Besides, it seemed that in these days, market participants' sentiment was less pessimistic after announcement to defer applying tariff of 10% towards the USD 300 bn of Chinese goods on 15th December.

We anticipate yield curve less like shift downward in upcoming weeks. Instead, losing momentum shall become gradually become weaker because positive factors have already been reflected in the bond market.

Foreign investors net sell VND 47.94 bn this week.

Foreign investor net sell VND 47.94 bn this week, they mainly focused on long-term tenors (25-30 years).

Foreign Investment in the secondary market 2018-2019



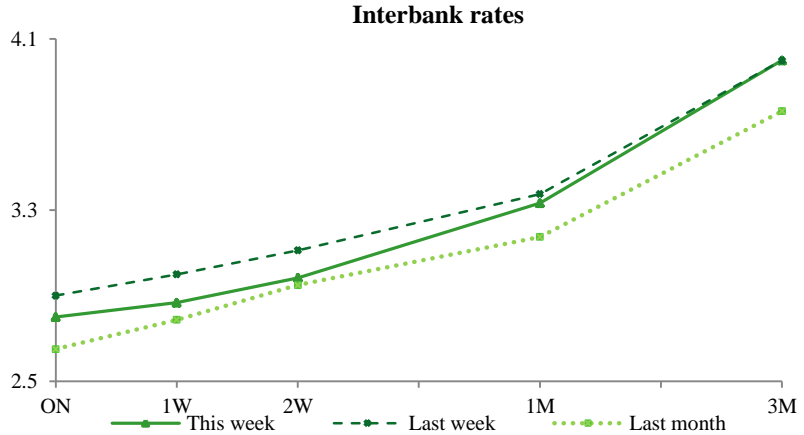
Source: HNX, VCBS

INTEREST RATE

Interbank Rates

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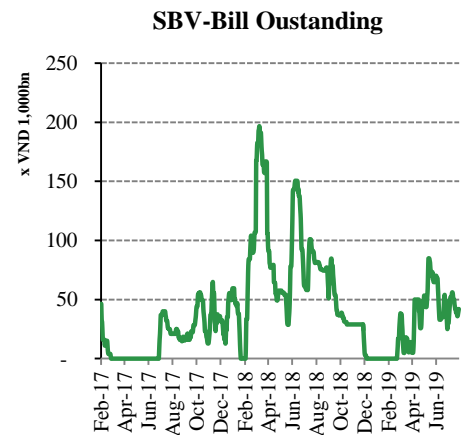
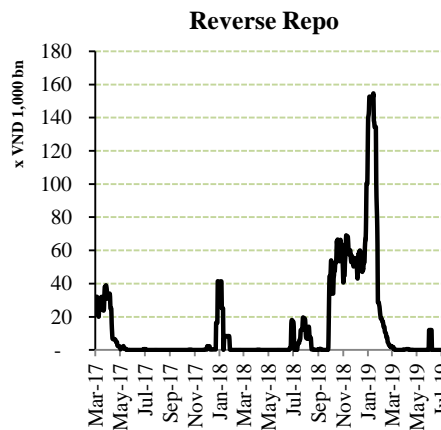
Source: Bloomberg, VCBS

In the context of stable economy and no strong pressure on exchange rate when participants get acquire the fact that tension could not bring to an end in the short-run, we do not expect the factor which can make liquidity less ample at the present. Instead, interbank rate will remain this present level in the upcoming period.

Open Market Operation

SBV net withdrew VND 3,000 bn via OMO channel.

SBV net withdrew VND 3,000 bn via OMO channel. In detail, VND 38,999 bn of SBV-Bills matured this week, while the issuance of new bills was VND 41,999 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								
14-Aug-19	10Y	1,500	8,534	1,500	5.69	4.35	100.00%	ST
14-Aug-19	15Y	1,500	7,020	1,500	4.68	4.63	100.00%	ST
14-Aug-19	30Y	500	1,134	194	2.27	5.51	38.80%	ST

Secondary Market

Issuer	Week 05 Aug – 09 Aug		Week 12 Aug – 16 Aug	
	Value	Value share	Value	Value share
Outright				
ST	19,311	92.46%	19,104	98.00%
VDB	794	3.80%	389	2.00%
VBSP	781	3.74%	-	0.00%
Others	-	0.00%	-	0.00%
<i>Subtotal (1)</i>	20,886	100.00%	19,493	100.00%
Repo				
Repo	27,640	52.65%	21,166	48.85%
Reserve Repo	24,861	47.35%	22,158	51.15%
<i>Subtotal (2)</i>	52,500	100.00%	43,324	100.00%
ST bills				
Outright				
Repo				
<i>Subtotal (3)</i>				
Total (1)+(2)+(3)	73,386		62,817	

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
08/12 - 08/16	-	-	-	-	38,999	41,999	3,000	41,999

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.

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