

Fixed-Income Report

September 09th – 13th/2019

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Information updated at

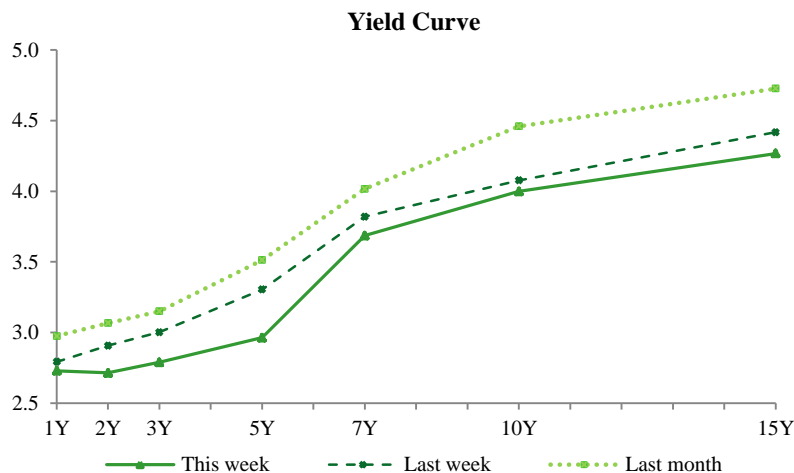
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Round-up

Winning rates continued to decrease considerably.

Yield curve shifted downward.

Interbank rates extended its slight downward.



Source: Bloomberg, VCBS

■ VND 3,522 bn was mobilized this week. VND 65,863 bn (+0.74%) was traded on the secondary market.

■ Yield curve shifted downward with bond yield decreased considerably for all tenors, especially short-term tenors (<5 years). According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 2.729% (-6.3 bps), 2.714% (-19.3 bps), 2.789% (-21.3 bps), 2.963% (-34.2 bps), 3.686% (-13.4 bps), 3.999% (-7.8 bps), 4.267% (-15.1 bps), respectively.

■ Interbank rates extended its slight downward. In details, ON – 3M rates posted at 2.48%, 2.64%, 2.8%, 3.18% and 3.92%, respectively according to Bloomberg data.

■ Foreign investors net sell VND 177.67 bn this week.

■ SBV net withdrew VND 988 bn via OMO channel.

VCBS Commentary September 16th – September 20th

■ Next week we draw attention to September's FOMC meeting result. Market participants are expecting a decrease in interest rate in that meeting. In addition, abundant liquidity in the system also supports market's sentiment. With all these factors, it is unlikely that bond yields will rebound sharply; instead, bond yields may tick down in the upcoming weeks.

■ In the context of abundant resources and lower SBV bills, we believe that next week interbank shall be kept at low level.

Bond Market

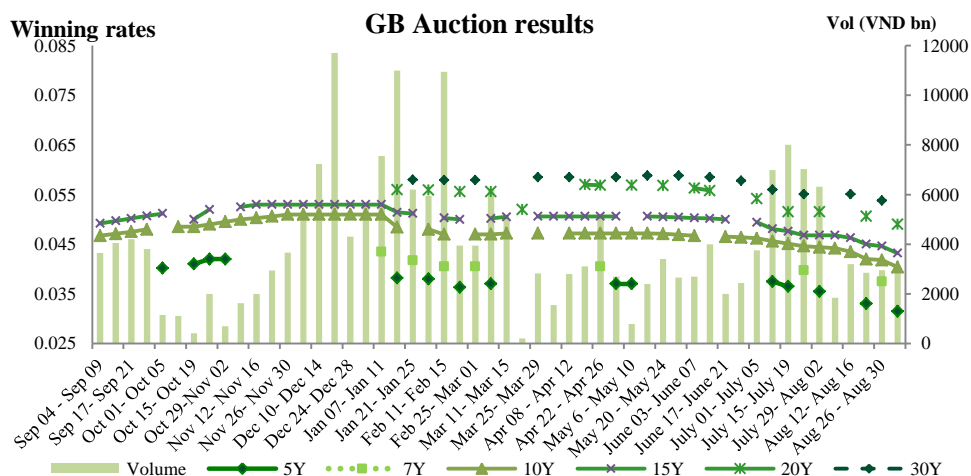
Primary Market

Winning rates continued to decrease considerably.

VND 3,522 bn was mobilized this week.

VND 3,522 bn was mobilized this week from ST and VBSP. In detail, **VND 2,900 bn was mobilized this week from ST.** Therein, ST issued **VND 500 bn** at 5Y, **VND 900 bn** at 10Y, **VND 1,000 bn** at 15Y plus **VND 500 bn** at 20Y bond. The registered volume to offering volume ratio for 5Y, 10Y, 15Y & 20Y tenors were 5.80, 4.96, 5.20 and 3.99 times, indicated the high demand for all tenors. Total winning volume to offering volume ratio was 96.67%. Meanwhile, winning rate for 5Y, 10Y, 15Y & 20Y tenors stood at 3.15% (-15 bps), 4.04% (-14 bps), 4.32% (-14 bps), 4.90% (-16 bps), respectively. Winning rates decreased strongly may be resulted from the market's expectation that FED is considering to decrease interest rate in the next meeting.

Meanwhile, VBSP mobilized VND 722 bn at 10Y and 15Y. VDB did not mobilize bond this week.



Source: HNX, VCBS

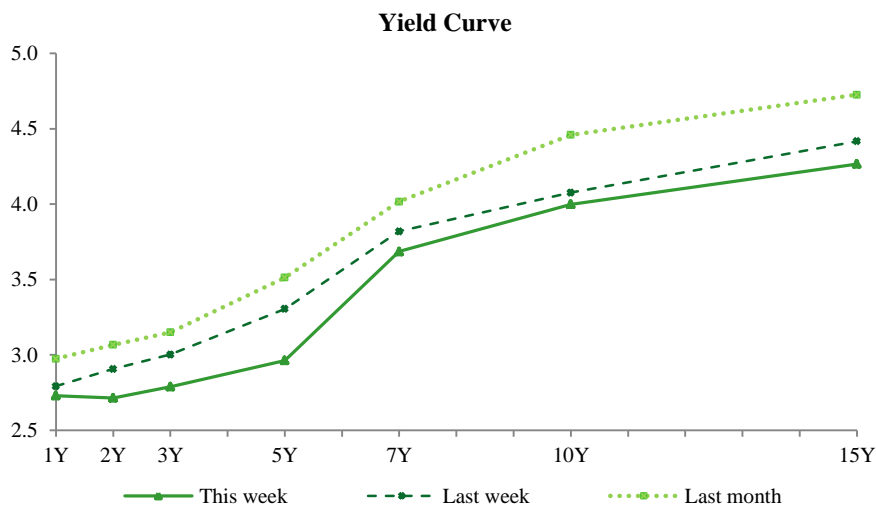
Secondary Market

Liquidity increased minimally compared to the previous trading week.

VND 65,863 bn (+0.74%) was traded on the secondary market.

VND 65,863 bn (+0.74%) was traded on the secondary market. Average trading volume each session reached VND 13.175 bn. In detail, Outright and repo values were at VND 37,058 bn (+26.12% wow) and VND 28,805 bn (-19.98% wow), respectively. Regarding outright, ST-Bond kept dominating trading volume with 89%. Remarkably, **this week a large proportion of bond trading (39.67%) belonged to long-term bond (>10year)** followed by short-term bond (<5 year) (36.52%).

Yield curve shifted downward with bond yield decreased considerably for all tenors, especially short-term tenors (<5 years). According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 2.729% (-6.3 bps), 2.714% (-19.3 bps), 2.789% (-21.3 bps), 2.963% (-34.2 bps), 3.686% (-13.4 bps), 3.999% (-7.8 bps), 4.267% (-15.1 bps), respectively.



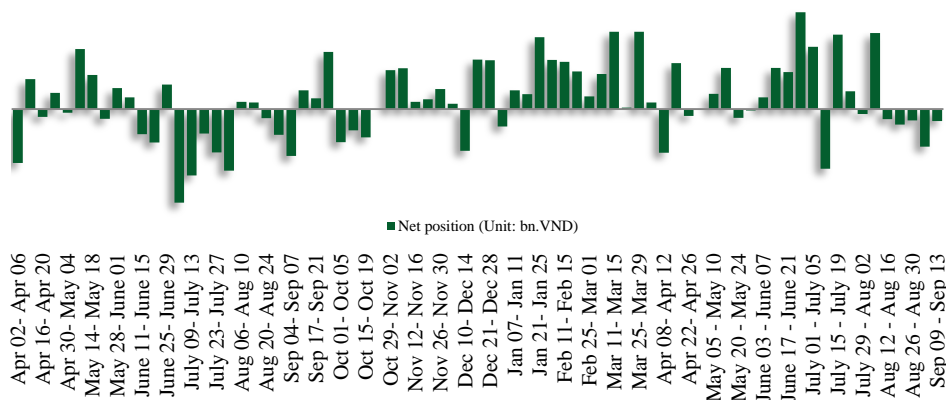
Source: Bloomberg, VCBS

Next week we draw attention to September’s FOMC meeting result. Market participants are expecting a decrease in interest rate in that meeting. In addition, abundant liquidity in the system also supports market’s sentiment. With all these factors, it is unlikely that bond yields will rebound sharply; instead, bond yields may tick down during next week.

Foreign investors net sell VND 177.67 bn this week.

Foreign investor net sell VND 177.67 bn this week, they mainly focused on short-term tenors (<5 years).

Foreign Investment in the secondary market 2018-2019



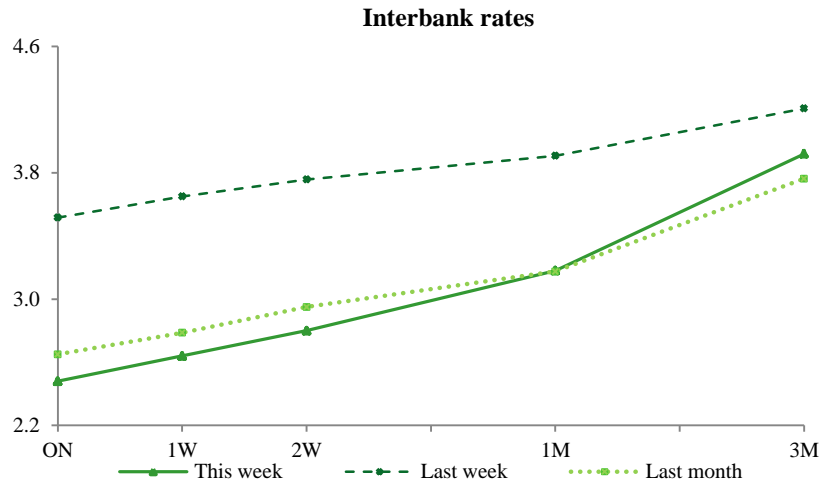
Source: HNX, VCBS

INTEREST RATE

Interbank rates extended its slight downward.

Interbank Rates

Interbank rates extended its slight downward. In details, ON – 3M rates posted at 2.48%, 2.64%, 2.8%, 3.18% and 3.92%, respectively according to Bloomberg data.



Source: Bloomberg, VCBS

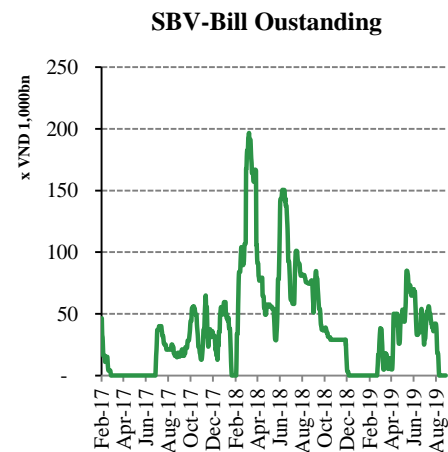
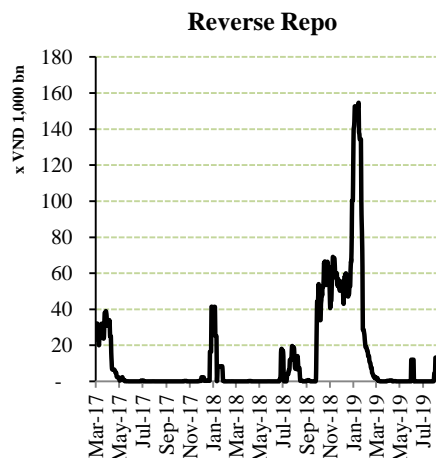
Most recently, the State Bank of Vietnam (SBV) issued Decision No. 1870/QĐ-NHNN on reduction of official interest rates, applicable since September 16th. Shortly thereafter, on September 16th, the SBV lowered the interest rate of SBV-bills from 2.75% to 2.50%. In our opinions, the decision was made in line with foreign and domestic economic situation to maintain the macro-economic growth and stability.

Meanwhile, abundant resources are still available on banking system with some supportive factors (i) Foreign direct investment in Vietnam continued to prospect; (ii) Public disbursement is still behind the schedule. Moreover, in the context of slightly lower SBV bills, we believe that next week interbank shall be kept at low level.

Open Market Operation

SBV net withdrew VND 988 bn via OMO channel.

SBV net withdrew VND 988 bn via OMO channel. In detail, VND 13,134 bn of Reverse Repo matured this week. Meanwhile, SBV continuously offer VND 1,000 bn of Reverse Repo each session this week, but there was no winning volume recorded.



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								
11-Sep-19	5Y	500	2,901	500	5.80	3.15	100.00%	ST
11-Sep-19	10Y	1,000	4,960	900	4.96	4.04	90.00%	ST
11-Sep-19	15Y	1,000	5,200	1,000	5.20	4.32	100.00%	ST
11-Sep-19	20Y	500	1,995	500	3.99	4.9	100.00%	ST
9-Sep-19	10Y	500	2,422	122	4.84	4.4	24.40%	VBSP
9-Sep-19	15Y	500	3,500	500	7.00	4.75	100.00%	VBSP

Secondary Market

Issuer	Week 03 Sep – 06 Sep		Week 09 Sep – 13 Sep	
	Value	Value share	Value	Value share
Outright				
ST	25,068	85.32%	33,157	89.47%
VDB	3,802	12.94%	3,627	9.79%
VBSP	513	1.75%	274	0.74%
Others	-	0.00%	-	0.00%
<i>Subtotal (1)</i>	29,382	100.00%	37,058	100.00%
Repo				
Repo	35,999	47.85%	28,805	41.56%
Reserve Repo	39,236	52.15%	40,499	58.44%
<i>Subtotal (2)</i>	75,236	100.00%	69,305	100.00%
ST bills				
Outright				
Repo				
<i>Subtotal (3)</i>				
Total (1)+(2)+(3)	104,618		106,362	

Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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
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)	-	-	-	-	-

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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