WEEKLY BOND MARKET REPORT

July 22nd - 26th, 2019

- Short-term interbank interest rates were falling. The State Bank of Vietnam withdrawn VND 22,000.3bn from the market.
- Commercial bank exchange rate declined after sharp rise. EUR/USD hit 2-year low
- The State Treasury offered VND 7,500bn of bonds. The total winning value reached VND 7,021bn.
- Total Outright and Repo transaction value reached VND 54,439bn, 38.6% than the previous week.
- ECB postponed interest rate cut. The US Q2/2019 GDP growth exceeded expectation.

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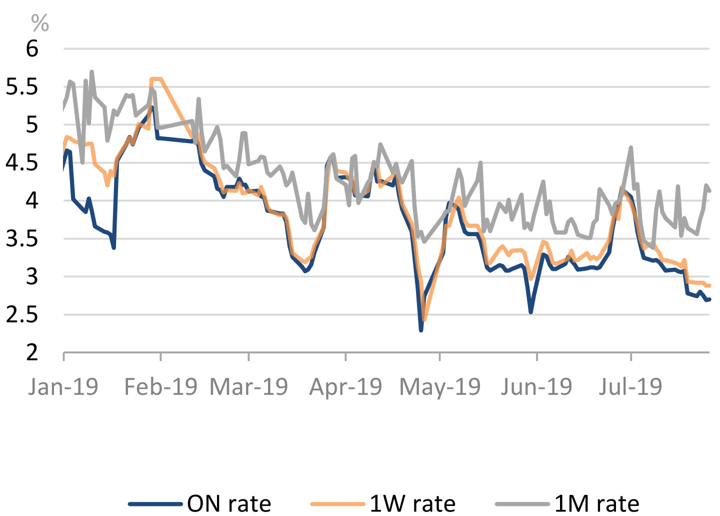
Money Market

Short-term interbank interest rates were falling. The State Bank of Vietnam withdrawn VND 22,000.3bn from the market.

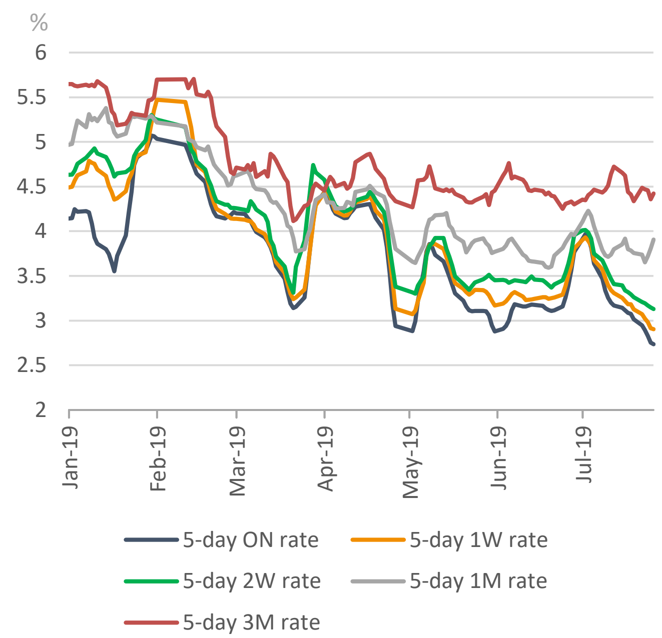
Short-term interbank interest rates continued to fall. The weekly average overnight and 1-week rates dropped by 28bps and 23bps, and stood at 2.74% and 2.90%, respectively. Meanwhile, there was a remarkable increase of 15bps in 1-month rate weekly average, which reached 3.91%. The overnight tenor's volume was VND 155,374bn, accounting for 66.4% of the total volume during the week.

During the week, VND 22,000.3bn was withdrawn from the money market. In particular, while VND 51,998.6bn of 7-day T-bill was issued at 2.75%, VND 29,998.3bn of this security was matured.

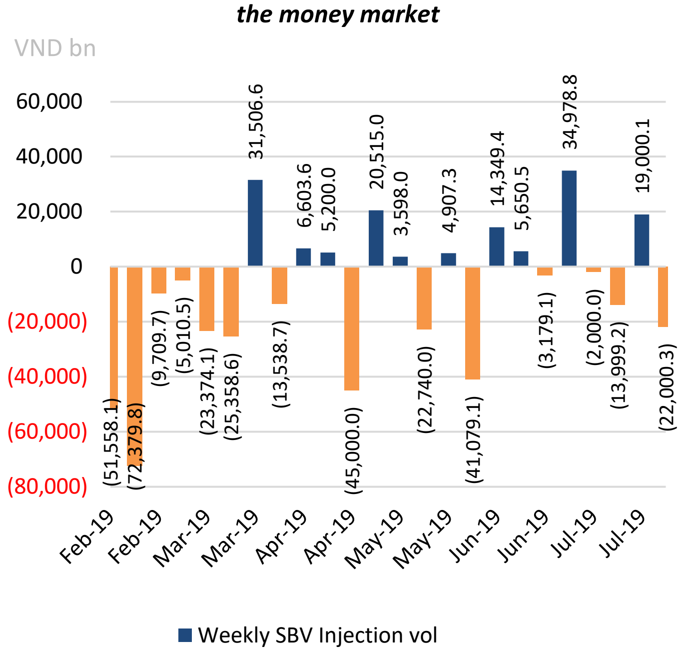
Daily interbank interest rates



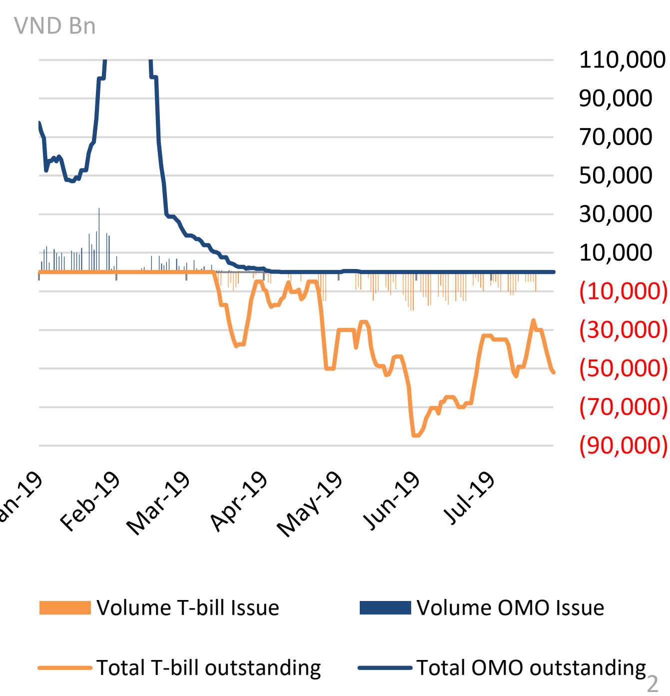
Weekly average interbank interest rates



VND 22,000.3bn was withdrawn from the money market



VND 51,998.6bn of 7-day T-bill was issued



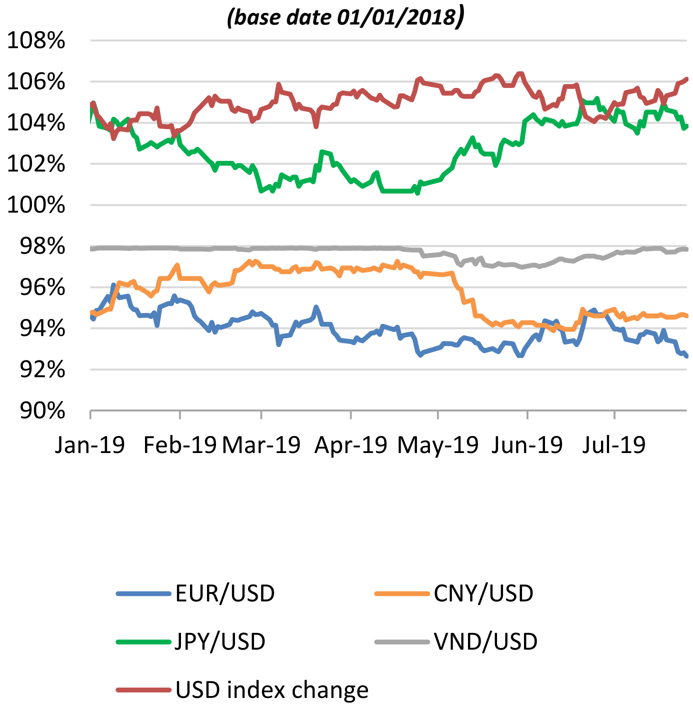
FX Market

Commercial bank exchange rate declined after sharp rise. EUR/USD hit 2-year low.

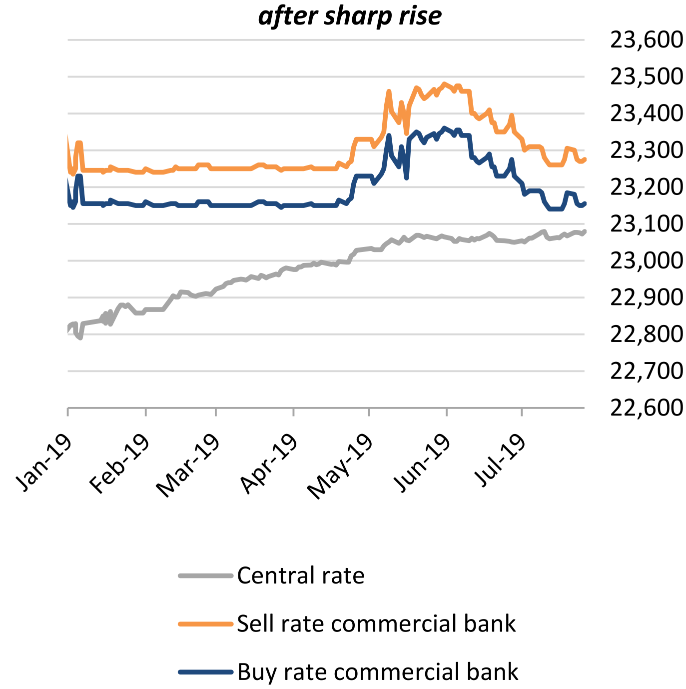
The central VND/USD exchange rate remained within 23,077-23,079 range. Meanwhile, After the previous week's sharp rise to 23,185/23,305, the commercial bank VND/USD exchange rate dropped to 23,150/23,270 in the middle of the week, and recovered to 23,155/23,275 on Friday.

During the week, the EUR depreciated to the lowest rate against the USD in 2 year, which was 1.1127 USD/EUR, 0.85% lower than the previous week. This reflected the market's disappointment as ECB postponed interest rate cut.As a result, USD index increased by 0.77% to 97.9 by the end of the week.

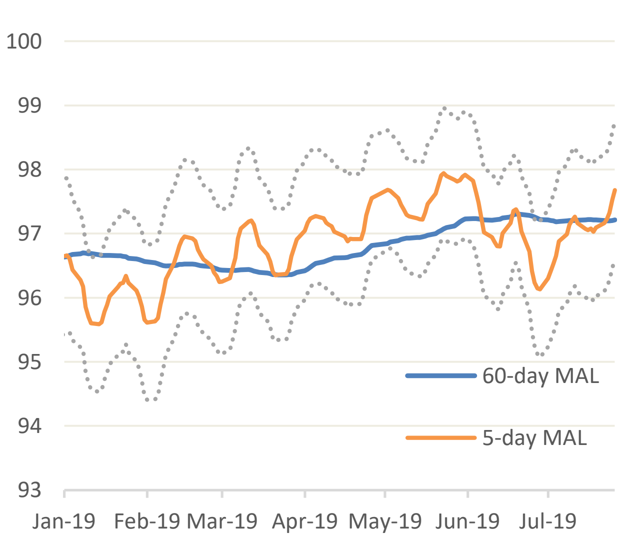
Exchange rate change (base date 01/01/2018)



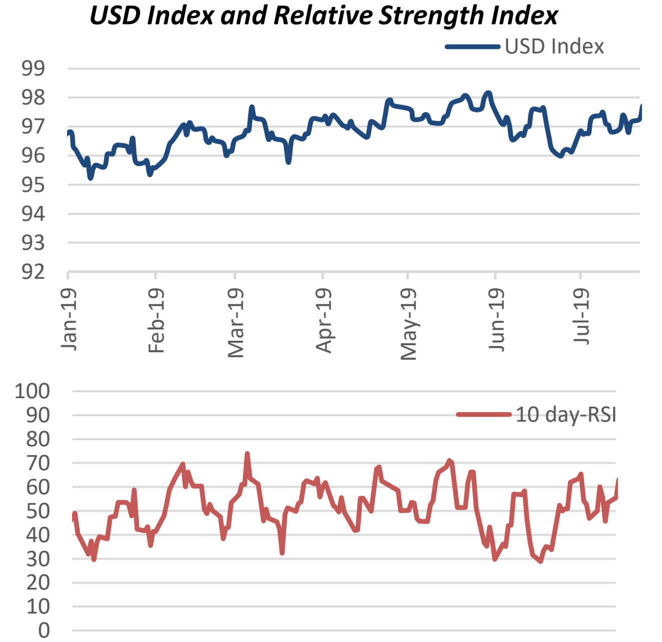
Commercial bank exchange rate declined after sharp rise



USD Index Moving Average Lines



USD Index and Relative Strength Index



Primary Bond Market

The State Treasury offered VND 7,500bn of bonds. The total winning value reached VND 7,021bn.

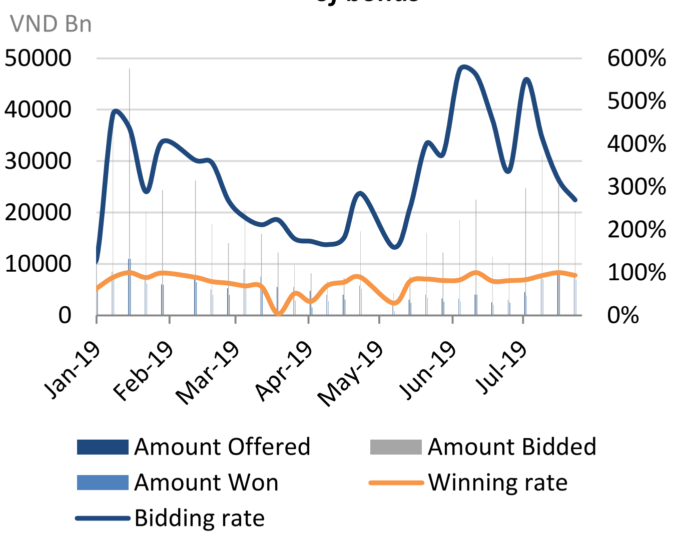
During the week, the State Treasury offered VND 7,500bn of 7y, 10y, 15y and 30y bonds. The total winning value reached VND 7,021bn. Particularly, all VND 3,000bn of offered 10y bond was purchased. Thus, the overall winning rate was 93.6%.

The winning yield dropped for all tennors. The bidding over offering volume ratio also decreased to 269.3%.

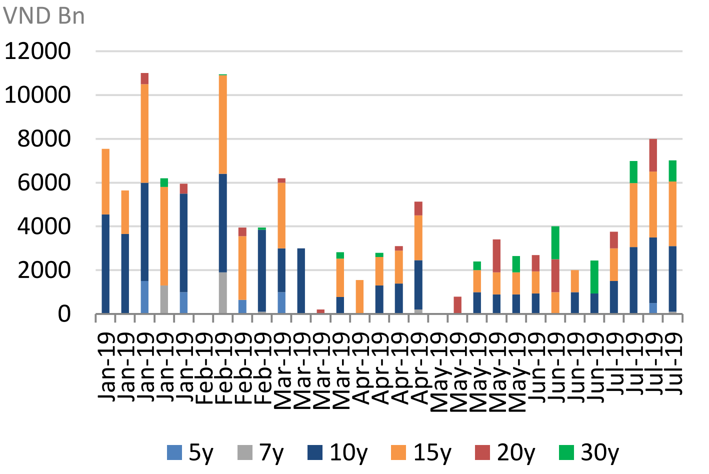
Bond auctions last week

No.	Bond code	Issuer	Tenor (year)	Auction date	Auction Value (VND bn)	Bidded value (VND bn)	Winning volume (VND bn)	Winning yield (%/y)	Bidded yield max/min	Compared to last session (bps)
1	TD1926170	State Treasury	7	24-Jul-19	500	1,950	100	3.97	4.5/3.97	-8
2	TD1929179	State Treasury	10	24-Jul-19	3,000	7,412	3,000	4.46	4.8/4.44	-5
3	TD1929175	State Treasury	15	24-Jul-19	3,000	8,572	2,950	4.68	5.3/4.6	-8
4	TD1929175	State Treasury	30	24-Jul-19	1,000	2,267	971	5.51	6./5.4	-9

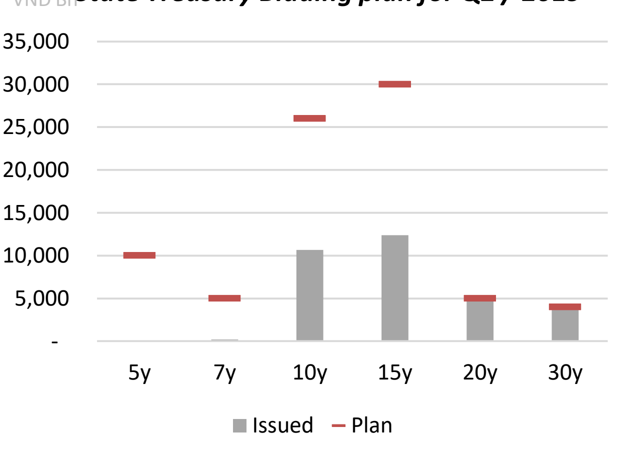
The State Treasury offered VND 7,500bn of bonds



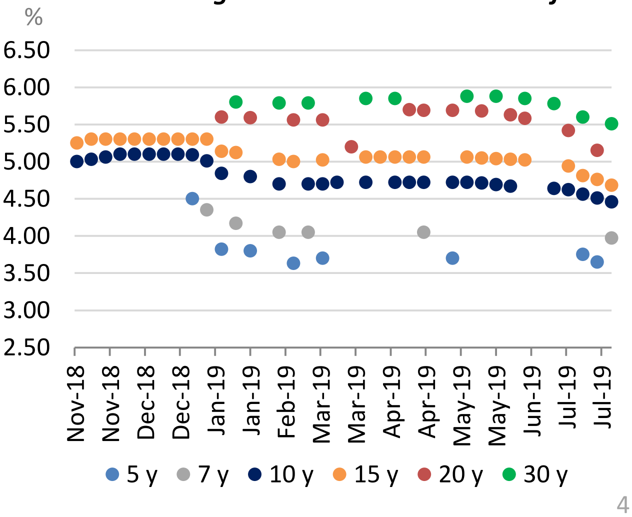
The total winning value reached VND 7,021bn



State Treasury Bidding plan for Q2 / 2019



Winning interest rate continued to fall



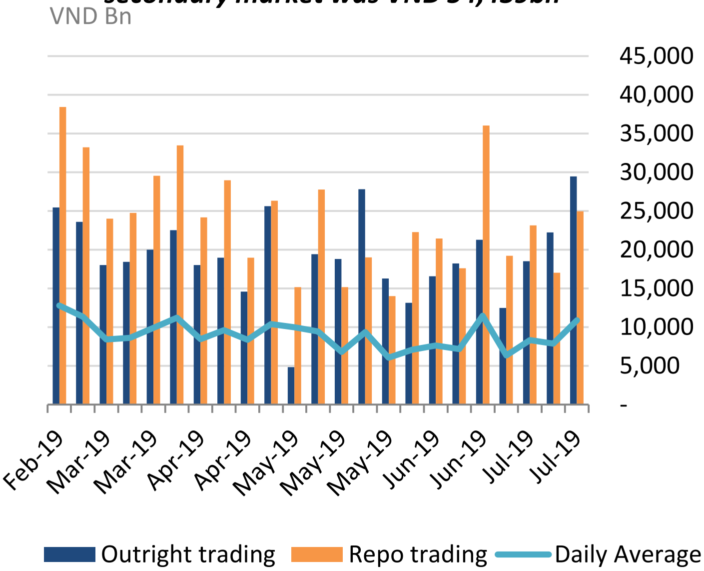
Secondary Bond Market

Total Outright and Repo transaction value reached VND 54,439bn, 38.6% than the previous week.

Total Outright and Repo transaction value reached VND 54,439bn, 38.6% than the previous week. Both types of transaction saw significant weekly growth, which was 32% for Outright transaction and 47% for Repo transaction. By the end of the week, total volume for Outright and Repo transaction reached VND 29.483bn and VND 24.956bn, respectively. The daily average trading volume stood at VND 10,888bn, the highest figure by weeks in July 2019.

During the week, foreign investors bought VND 1,164bn and sold VND 890bn of bonds. Thus, the net purchasing value of foreign investors reached VND 274bn.

Weekly transaction volume on secondary market was VND 54,439bn



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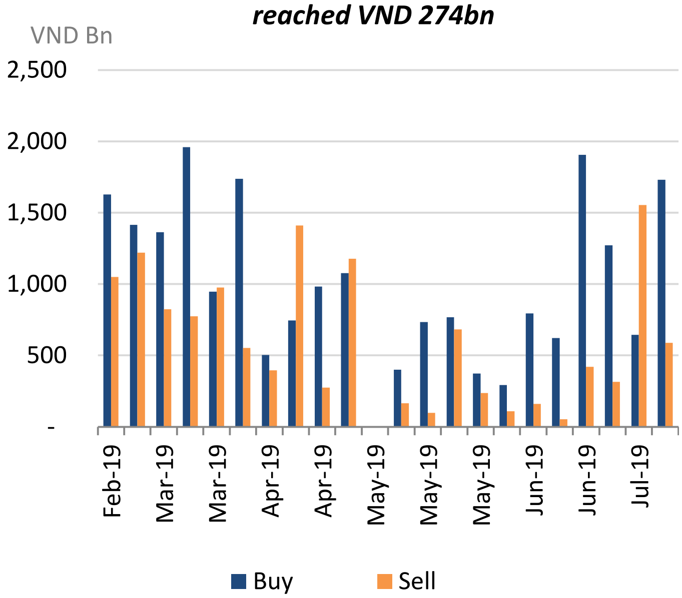
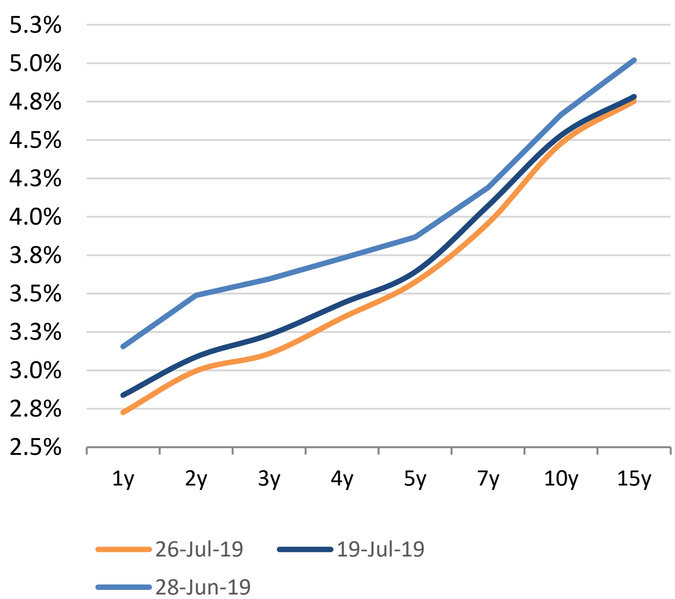
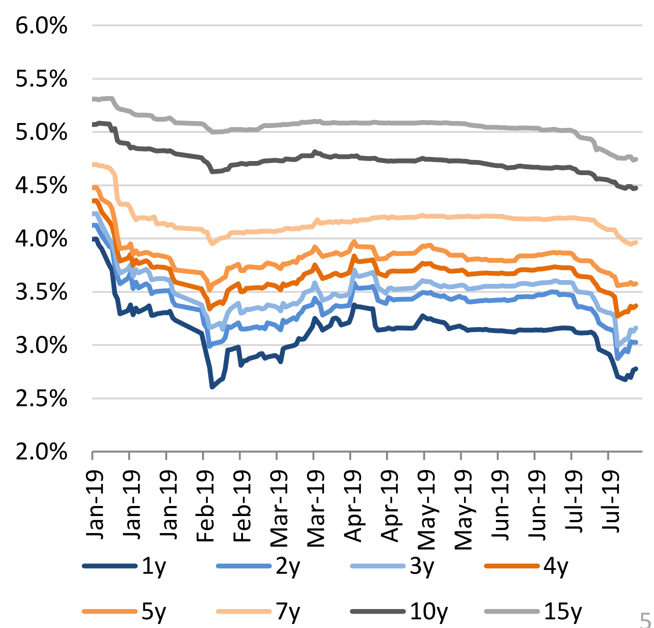


The weekly average VBMA Government Bond Yield maintained its downward trend, despite sign of recovery at the end of the week. In particular, the 2-year and 7-year tennors recorded a decline of 12.2 and 11.4 bps from the previous week's average.

The weekly average VBMA Government Bond Yield continued to fall



Short-term VBMA Government Bond Yield showed sign of recovery



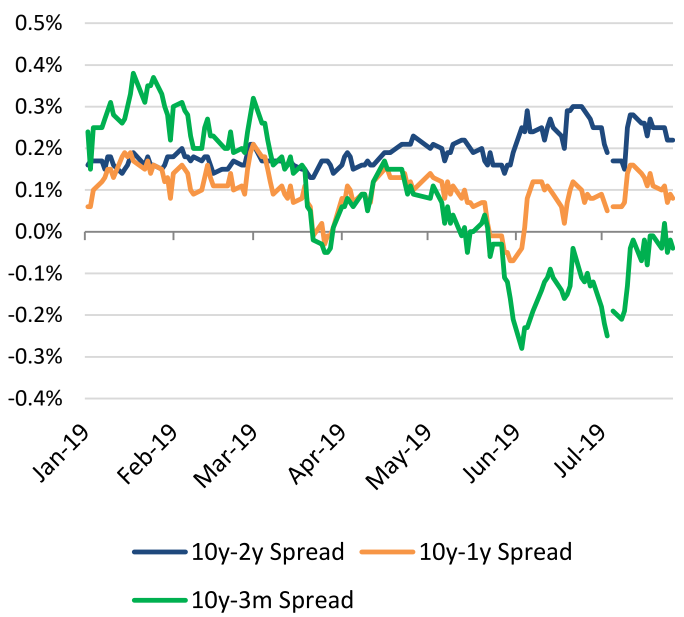
Global Market

ECB postponed interest rate cut. The US Q2/2019 GDP growth exceeded expectation.

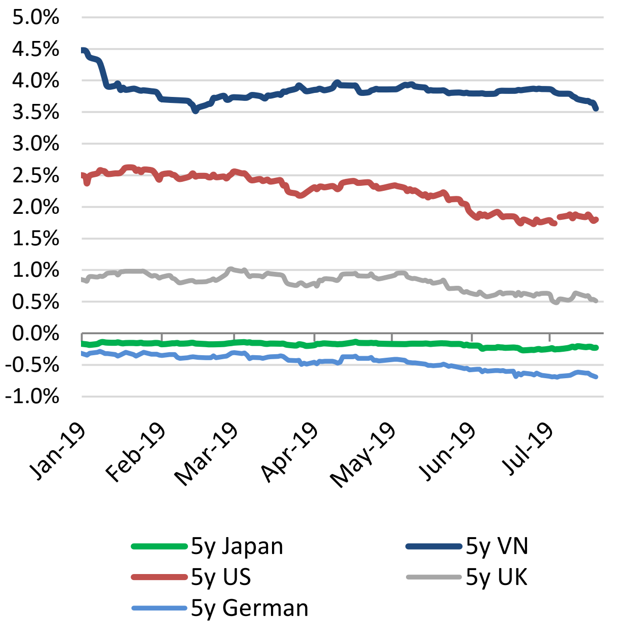
Despite poor PMI record at France and Germany, ECB still left monetary unchanged, while the market had been expecting an interest rate cut. Consequently, the disappointment of investors brough EUR/USD exchange rate to its 2-year low.

Meanwhile, The US GDP for the second quarter of 2019 came in at 2.1% on an annualised basis, beating expectations of 1.8% thanks to stronger than anticipated consumer and government spending. However, due to falling export and continuing trade tension, FED was still expected to lower interest rate to support the economy. In the coming week, Japan and the UK would also provide updates on their monetary policy.

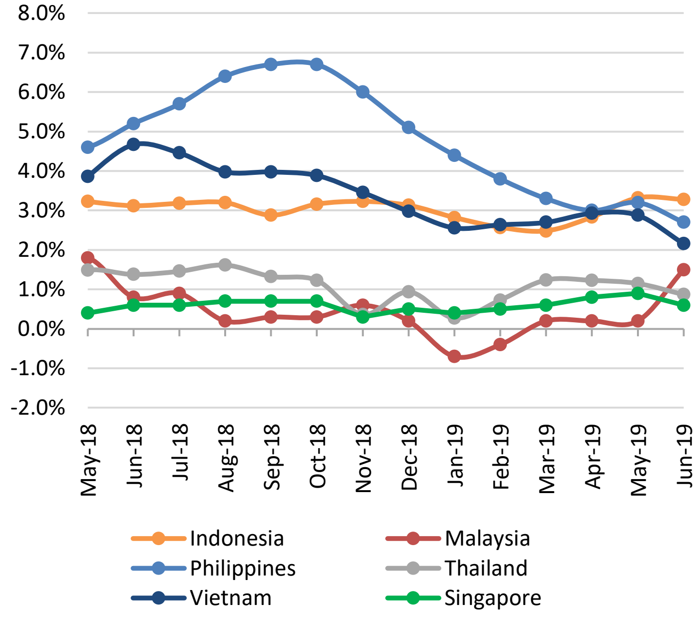
10y-3m, 10y-1y, 10y-2y US Treasury Spread



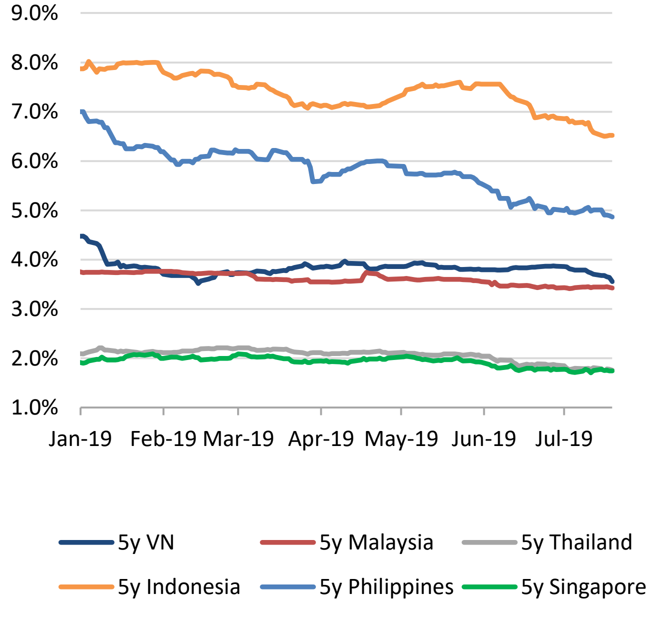
The 5-year Government Bonds yields



Inflation rates (yoy) in ASEAN region



The 5-year Government Bonds yields in ASEAN region



Appendix

Auction plan						
No.	Auction date	Issuer	Bond code	Issuing type	Tenor (years)	Amount (VND bn)
1	01-08-19	STV	TD1929179	Additional	10	2,000
2	01-08-19	STV	TD1939200	Additional	20	1,500
3	01-08-19	STV	TD1934191	Additional	15	2,000
4	01-08-19	STV	TD1924163	Additional	5	1,000

10 bond codes with the largest trading value last week						
No.	Bond code	Issuer	Trade amount	Tenor (years)	Remaining tenor (years)	Trading yield
1	State Treasury	TD1934190	2,323	15	14.83	4.7-5.1
2	State Treasury	TD1929177	2,309	10	9.77	4.5-4.5
3	State Treasury	TD1929175	1,664	10	9.43	4.5-4.6
4	State Treasury	TD1424091	1,377	10	4.58	3.6-3.6
5	State Treasury	TD1929178	1,046	10	9.50	4.5-4.5
6	State Treasury	TD1949205	911	30	29.48	5.5-5.8
7	State Treasury	TD1934189	795	15	14.48	4.7-5.1
8	State Treasury	TD1724417	749	7	4.93	3.5-3.7
9	State Treasury	TD1934187	705	15	14.43	4.7-5.1
10	State Treasury	TD1926170	676	7	6.45	3.9-4.3

Thank you for reading VBMA's Weekly Bond Market Report. For more information, please contact:

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