WEEKLY BOND MARKET REPORT

August 5th-9th, 2019

- Short-term interbank interest rates continued to rise. The State Bank of Vietnam injected VND 11,000.2bn from the market.
- The central USD/VND exchange rate slightly increased. USD/CNY exchange rate broke the 7.0 mark for the first time since 2008.
- The State Treasury offered VND 2,000bn of bonds. The total winning value reached VND 1,850bn.
- Total Outright and Repo transaction value reached VND 48,592bn.
- The US accused China of currency manipulation. Government Bond yields in Germany fell below zero due to gloomy economic report.

VIETNAM BOND MARKET ASSOCIATION
14th Floor, Tower A Vincom,
19 Ba Trieu Str.,
Hai Ba Trung Distr., Ha Noi
Tel: (84) 24 3974 8781
Fax: (84) 4 3974 8782
Website: www.vbma.org.vn

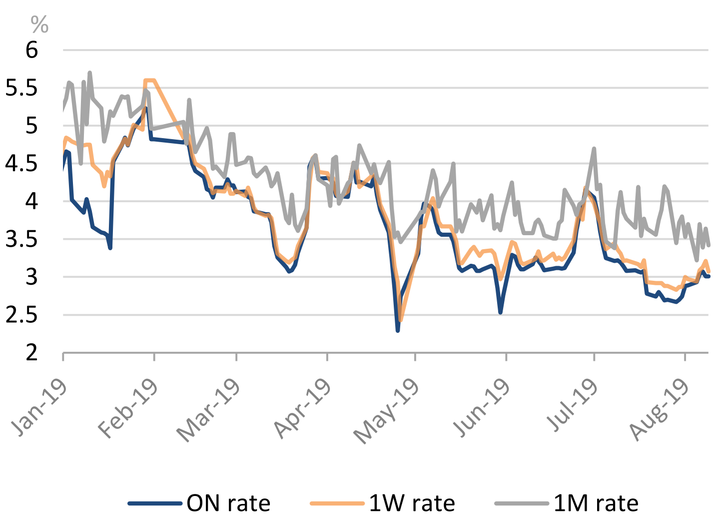
Money Market

Short-term interbank interest rates continued to rise. The State Bank of Vietnam injected VND 11,000.2bn from the market.

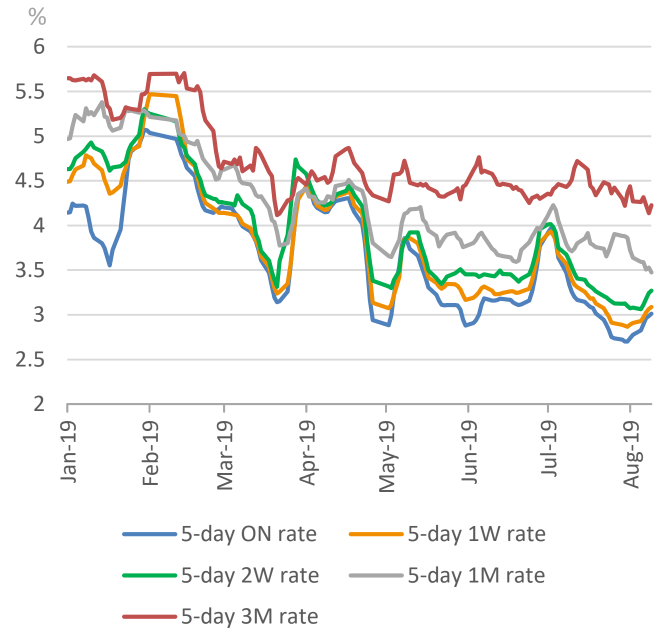
Short-term interbank interest rates continued to rise. The weekly average overnight and 1-week rates increased by 23bps and 18bps, and stood at 3.01% and 3.09%, respectively. Meanwhile, there was a decline of 17bps in 1-month rate weekly average, which recoreded as 3.47%. The overnight tenor's volume was VND 152,258bn, accounting for 67.3% of the total volume during the week.

During the week, VND 38,998.9bn of 7-day T-bill was issued at 2.75%, while VND 49,999.1bn of the security was matured. Thus, VND 11,000.2bn was injected into the money market

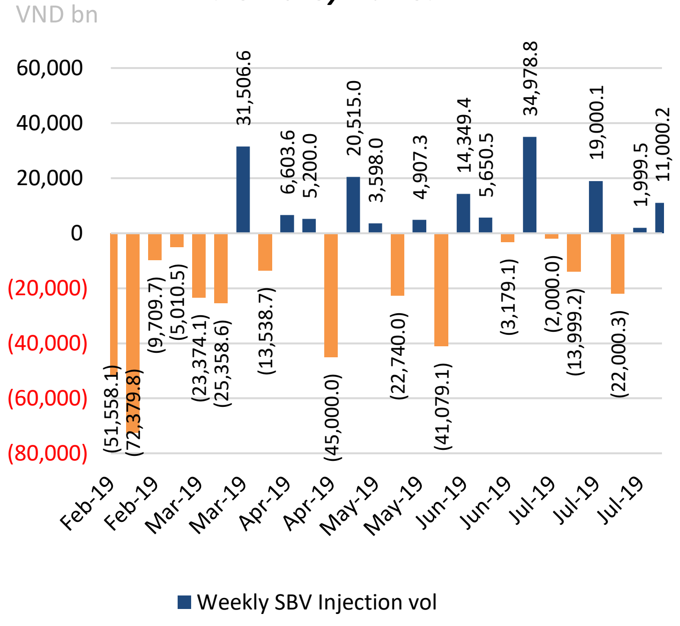
Daily interbank interest rates



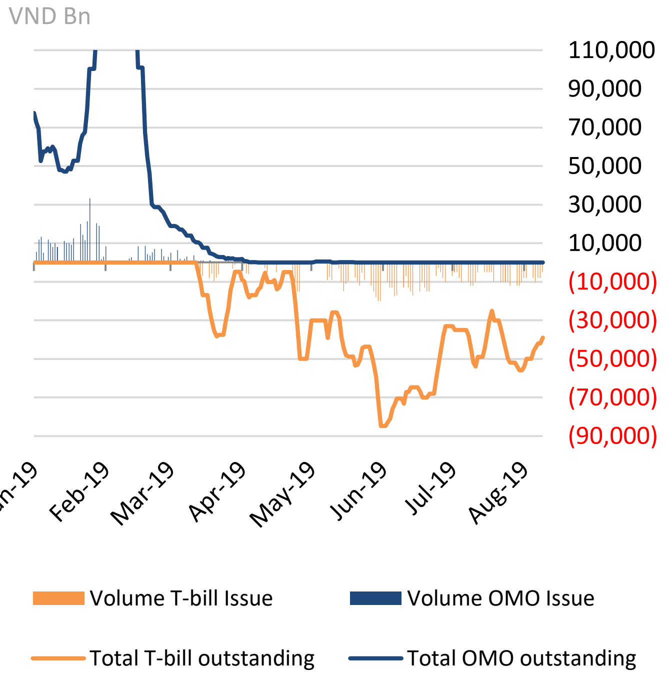
Weekly average interbank interest rates



VND 11,000.2bn was injected into the money market



VND 38,998.9bn of 7-day T-bill was issued



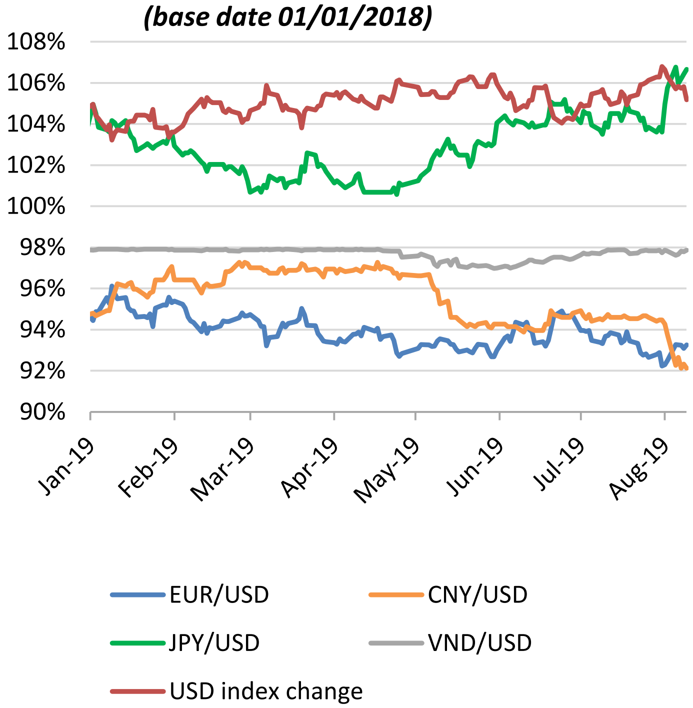
FX Market

The central USD/VND exchange rate slightly increased. USD/CNY exchange rate broke the 7.0 mark for the first time since 2008.

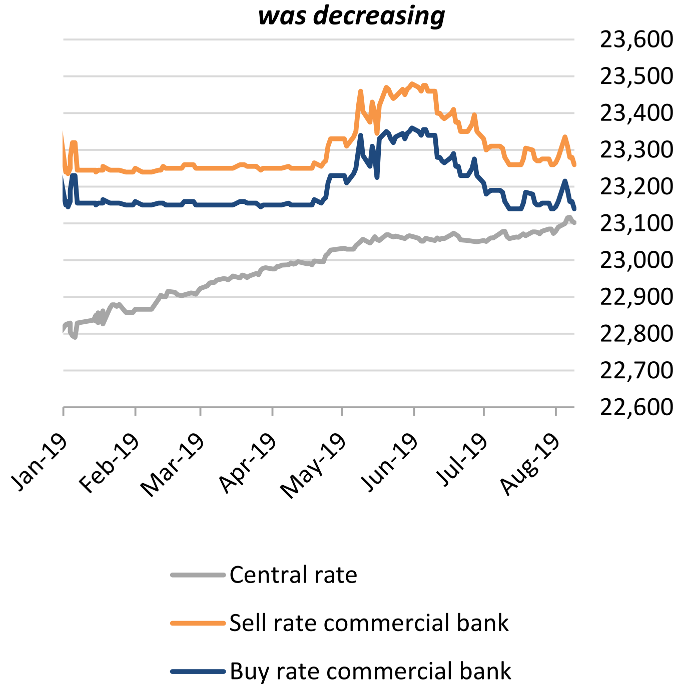
The central VND/USD exchange rate slightly rise and fluctuated within 23,100-23,117 range. Meanwhile, the commercial bank VND/USD exchange rate started the week with an upswing to 23,215/23,335. However, the figure quickly decreased during the week and ended at 23,140/23,260 on Friday.

As sentiment on FED's interest cut and new development in the trade war between the US and China settled down, USD index became stable and stood at 97.03. On the other hand, in 09/08/2019, CNY was undergoing great pressure as the PBOC raised USD/CNY reference exchange rate to 7.0126, thus broke the 7.0 mark for the first time since 2008.

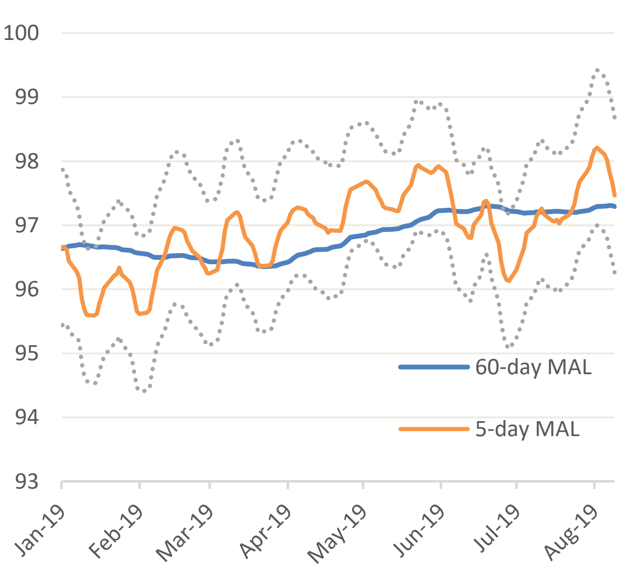
Exchange rate change (base date 01/01/2018)



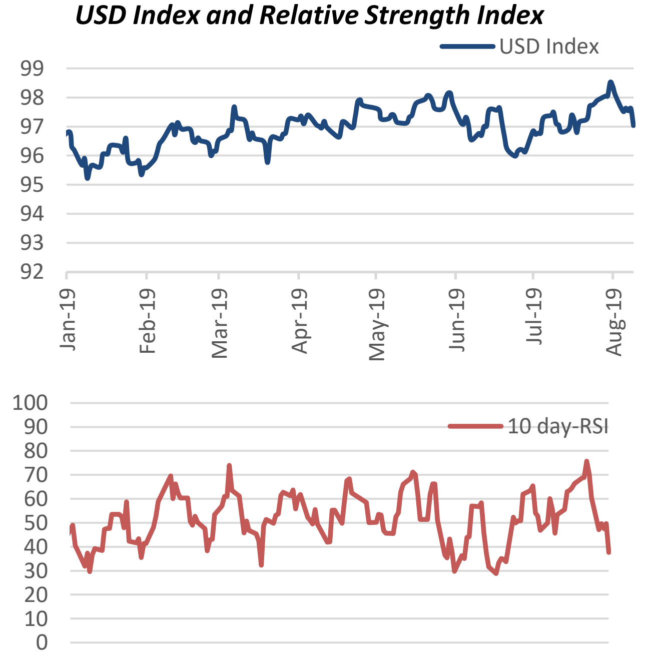
Commercial bank USD/VND exchange rate was decreasing



USD Index Moving Average Lines



USD Index and Relative Strength Index



Primary Bond Market

The State Treasury offered VND 2,000bn of bonds. The total winning value reached VND 1,850bn.

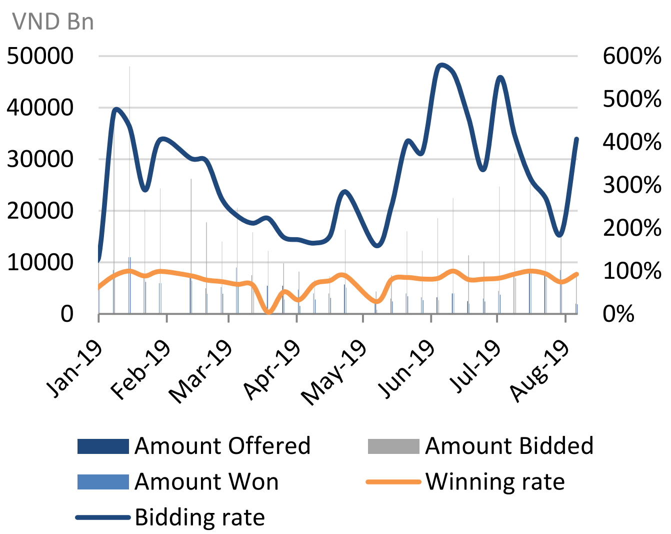
During the week, the State Treasury offered VND 2,000bn of 10y and 15y bonds. This has been the smallest weekly offering value in this year. The total winning value reached VND 1,850bn. Thus, the overall winning rate was 92.5%.

The winning interest rate of 15-year tenor stayed unchanged at 4.68% for 3 consecutive sessions. Meanwhile, the rate for 10-year tenor saw a light drop by 6bps to 4.42%. The bidding over offering volume ratio stood at 407.3%.

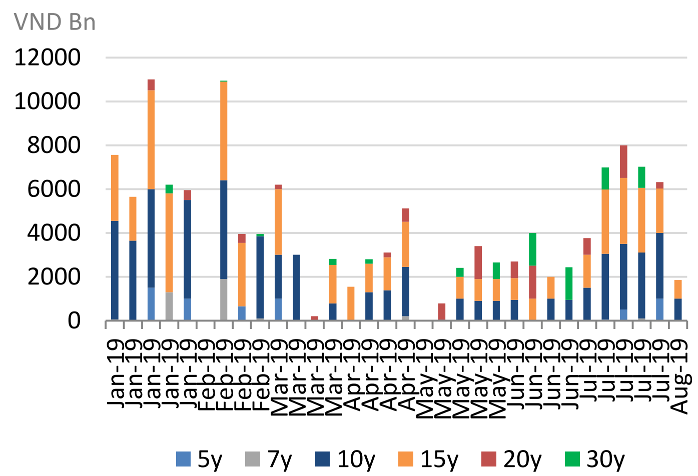
Bond auctions last week

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	TD1929179	State Treasury	10	7-Aug-19	1,000	4,745	1,000	4.42	5/4.35	-6
2	TD1934191	State Treasury	15	7-Aug-19	1,000	3,400	850	4.68	5/4.68	0

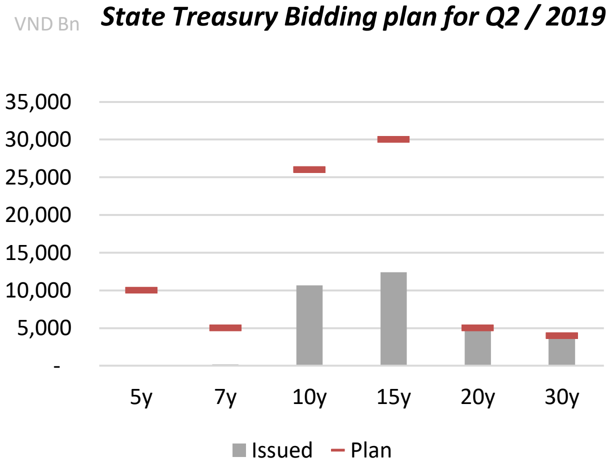
Bidding/Offering volume ratio stood at 407.3%



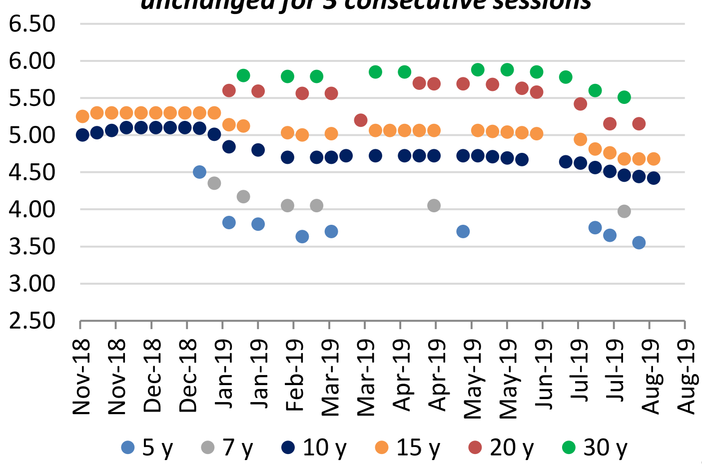
The total winning value reached VND 1,850bn



State Treasury Bidding plan for Q2 / 2019



Winning interest rate of 15-year tenor stayed unchanged for 3 consecutive sessions



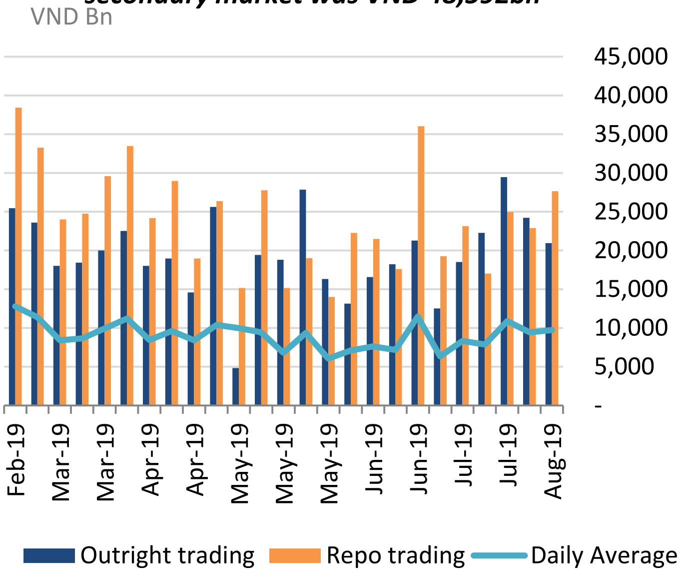
Secondary Bond Market

Total Outright and Repo transaction value reached VND 48,592bn.

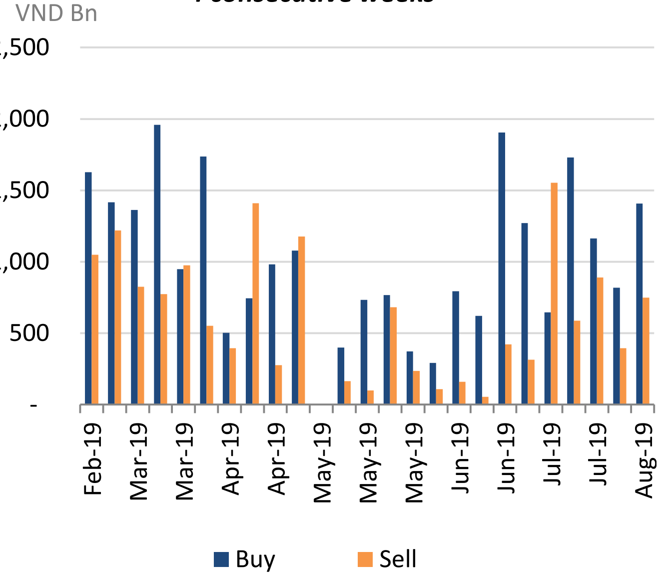
Total Outright and Repo transaction value stood at VND 48,592bn, compared to the previous week's VND 47,104bn. By the end of the week, total volume for Outright and Repo transaction reached VND 20.952bn and VND 27.640bn, respectively. The daily average trading volume stood at VND 9.718bn.

Foreign investors were net buyers for 4 consecutive weeks. The trading volume was VND 1,408bn of purchasing and VND 748bn of selling.

Weekly transaction volume on secondary market was VND 48,592bn

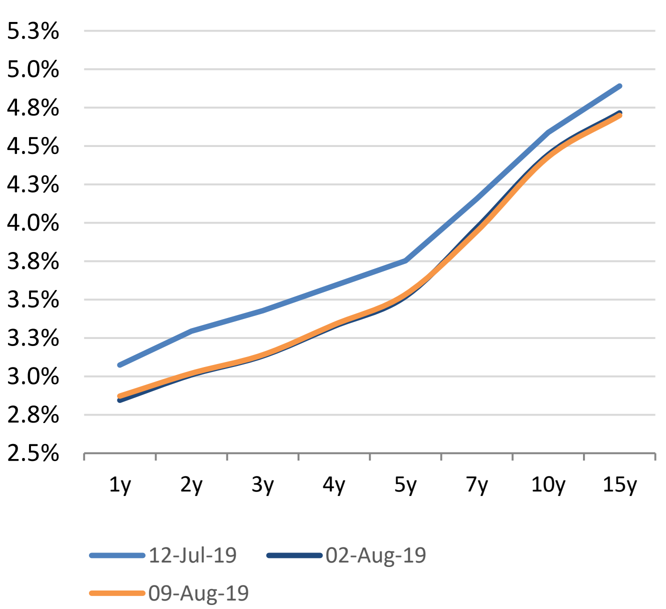


Foreign investors were net buyers for 4 consecutive weeks

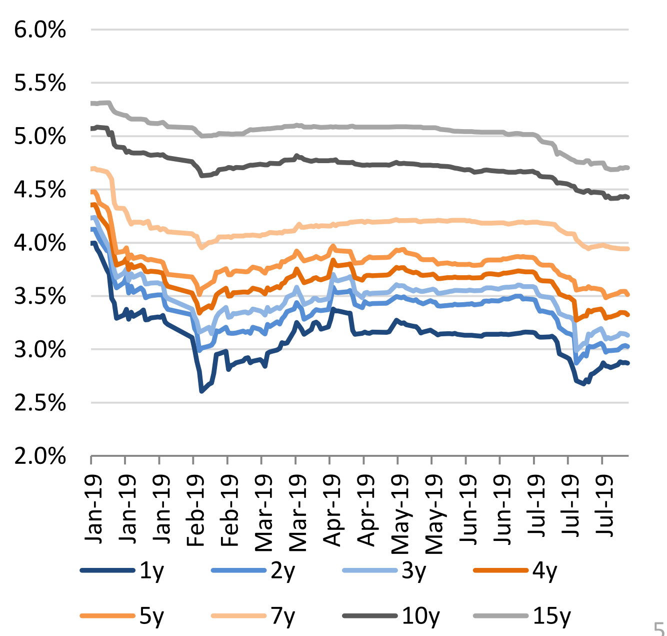


The weekly average VBMA Government Bond Yield did not have any major change. In particular, tennors of 5-year and below saw a small increase of 08-2.9 bps in average yields, compared to the previous week. Meanwhile, the rates for 7-year, 10-year and 15-year tennors slightly dropped to 3.94%, 4.43% and 4.70%, respectively.

The weekly average VBMA Government Bond Yield



Short-term VBMA Government Bond Yield was increasing



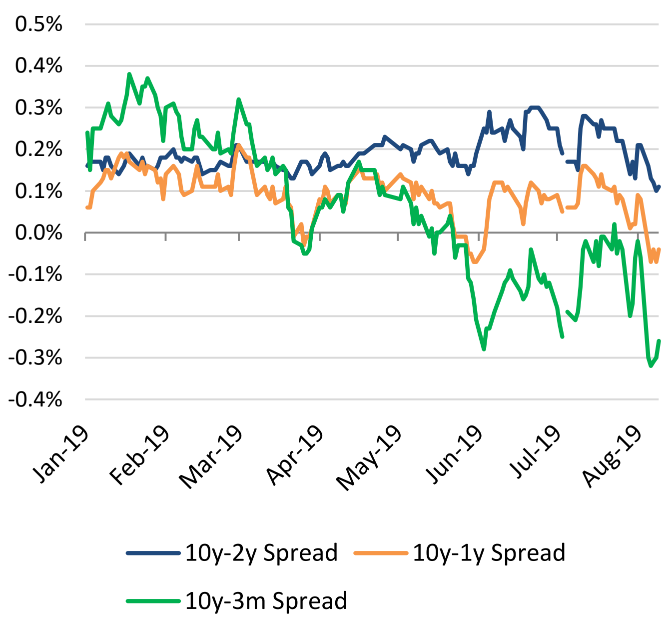
Global Market

The US accused China of currency manipulation. Government Bond yields in Germany fell below zero due to gloomy economic report.

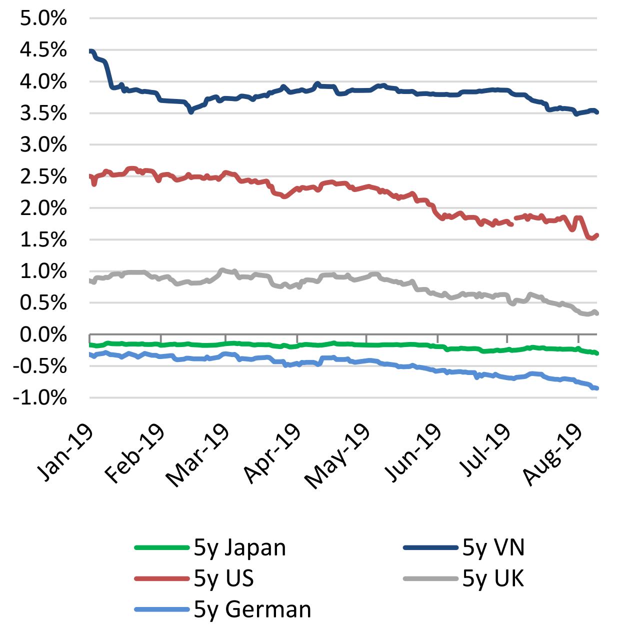
In response to the US's threat of increasing tariffs on Chinese goods, the CNY has been depreciating during last week. In 05/08/2019, USD/CNY exchange rate broke the 7.0 mark, which has been maintained since 2008, and stood at 7.05. However, the PBOC claimed that the depreciation was normal market reaction and "under control". The central bank also implied that it would eliminate short-term speculation to stable the forex market. Nevertheless, President Trump's accuse of China manipulating its currency brought even more uncertainties.

German industrial output decreased 1.5% in June. This disappointing report ratcheted up fears that the economy was heading to a recession. In response, German government bond yields moved even further into negative territory. All maturities of the country's government debt—even the longest term, 30-year bonds—now trade with negative yields.

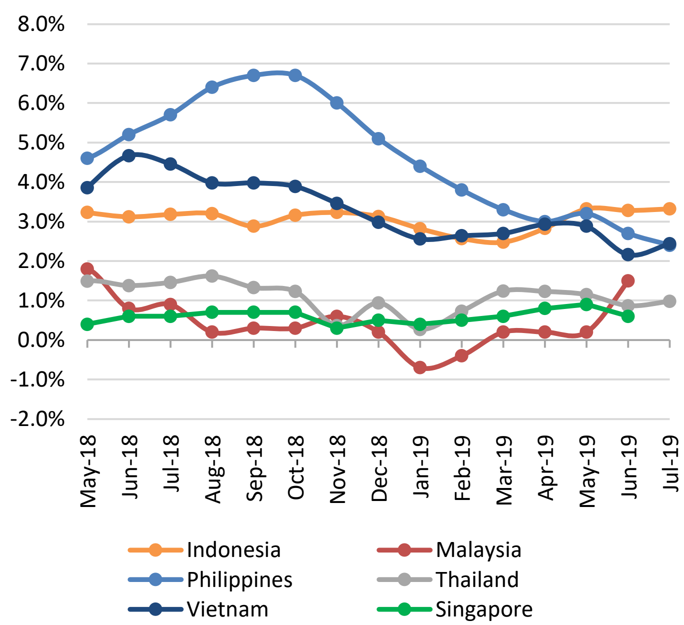
10y-3m, 10y-1y, 10y-2y US Treasury Spread



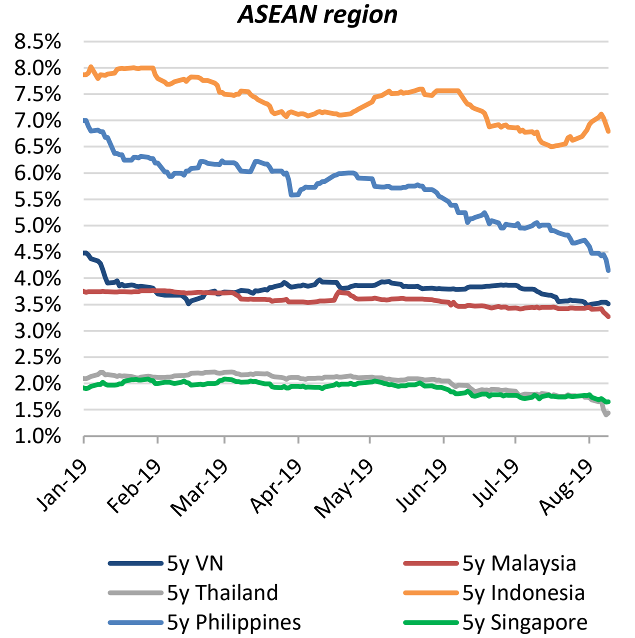
The 5-year Government Bonds yields



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	15-08-19	STV	TD1934191	Additional	15	1,000
2	15-08-19	STV	TD1929179	Additional	10	1,000
3	15-08-19	STV	TD1949205	Additional	30	500

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	1,717	15	14.79	4.7-4.7
2	State Treasury	TD1929177	1,685	10	9.73	4.4-4.8
3	State Treasury	TD1924163	1,507	5	4.43	3.5-3.7
4	State Treasury	TD1934187	1,256	15	14.39	4.7-5.1
5	State Treasury	TD1929175	1,242	10	9.39	4.4-4.8
6	State Treasury	TD1929178	843	10	9.47	4.4-4.4
7	Bank for Development	BVDB18061	741	15	14.33	5.8-5.8
8	State Treasury	TD1929179	717	10	9.95	4.4-4.4
9	State Treasury	TD1939200	645	20	19.43	5.2-5.2
10	State Treasury	TD1424092	612	10	4.79	3.5-4.1

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

VIETNAM BOND MARKET ASSOCIATION
14th Floor, Tower A Vincom, 19 Ba Trieu Str.,Hai Ba Trung Distr., Ha Noi
Tel: (84) 24 3974 8781
Fax: (84) 4 3974 8782
Website: www.vbma.org.vn