WEEKLY BOND MARKET REPORT

August 26th-30th, 2019

- Interbank interest rates increased significantly. The State Bank of Vietnam injected VND 31,132.8bn into the market.
- USD/VND central exchange rate continued to rise. The EUR and CNY depreciated sharply against the USD.
- The State Treasury offered VND 3,000bn of bonds. The total winning value reached VND 2,950bn.
- Total Outright and Repo transaction value increased slightly to VND 56,655bn.
- The US-China trade war winded down. The 30-year yield in the US hit its record low.

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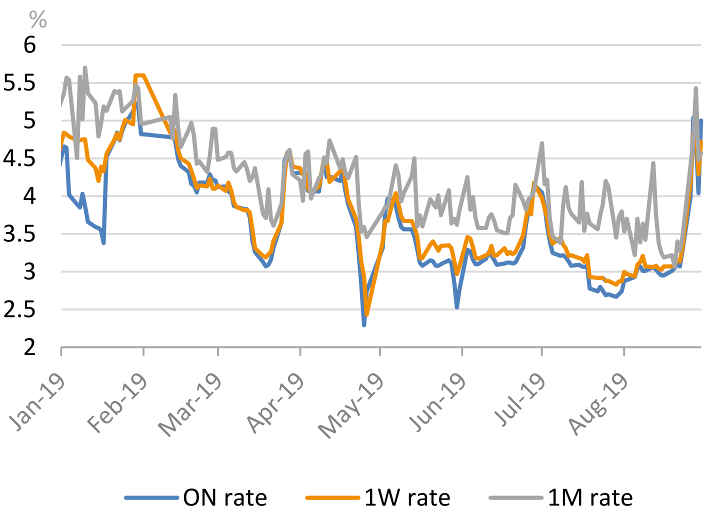
Money Market

Interbank interest rates increased significantly. The State Bank of Vietnam injected VND 31,132.8bn into the market.

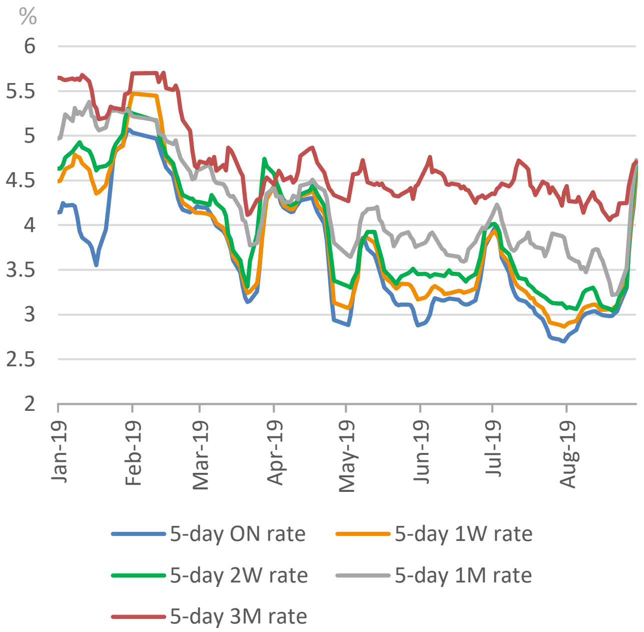
Interbank interest rates increased significantly before the holiday. The weekly average overnight rate rose to 4.56%/y, compared to the previous week's 3.10%/y. Meanwhile, the 1-week and 1-month rate shared the same rise of 121 bps, to 4.59%/y and 4.73%/y, respectively. The overnight tenor's volume was VND 179,836bn, accounting for 58.7% of the total volume of the week.

During the week, there was no T-bill issued, while VND 17,999.3bn of the security matured. The OMO repurchase value reached VND13,133.5bn. Thus, VND 31,132.8bn was injected into the money market.

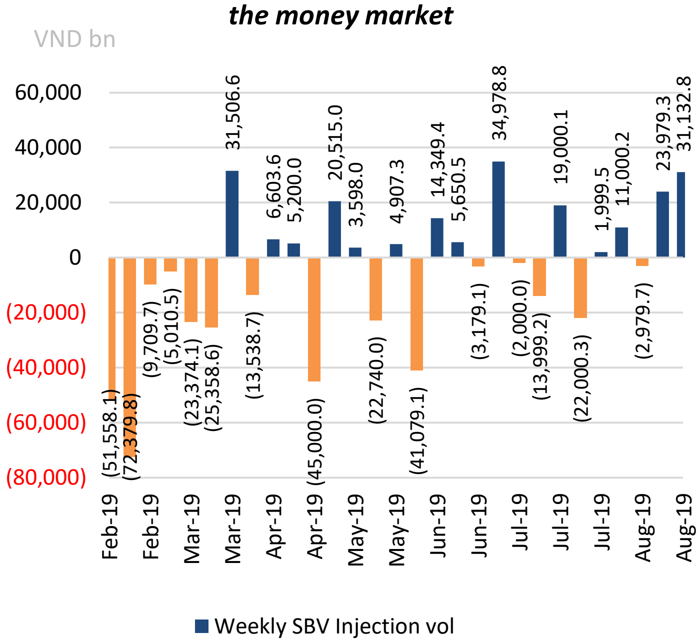
Daily interbank interest rates



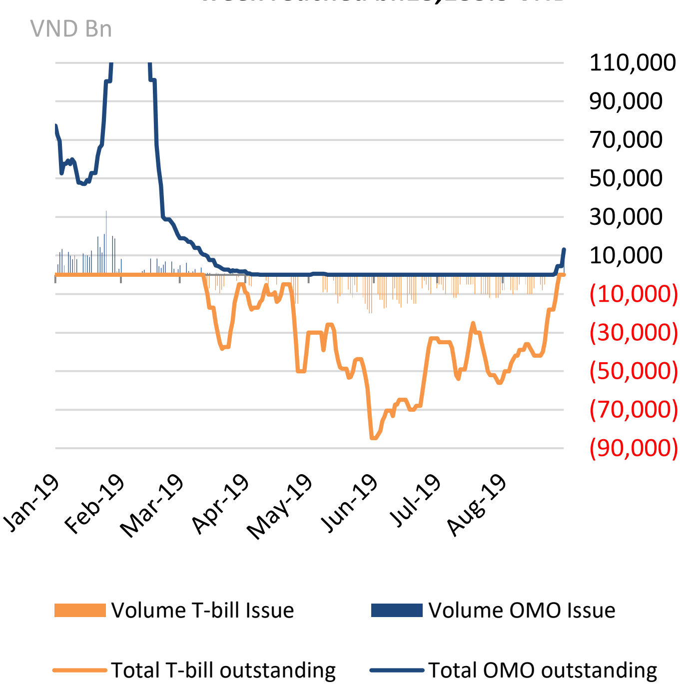
Weekly average interbank interest rates



VND 31,132.8bn was injected into the money market



Total value of OMO transactions during the week reached bn13,133.5 VND



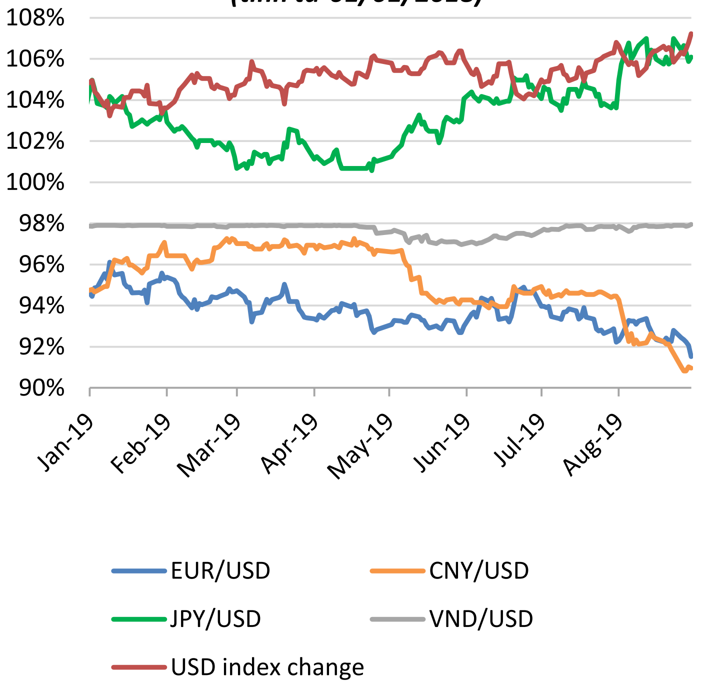
FX Market

USD/VND central exchange rate continued to rise. The EUR and CNY depreciated sharply against the USD.

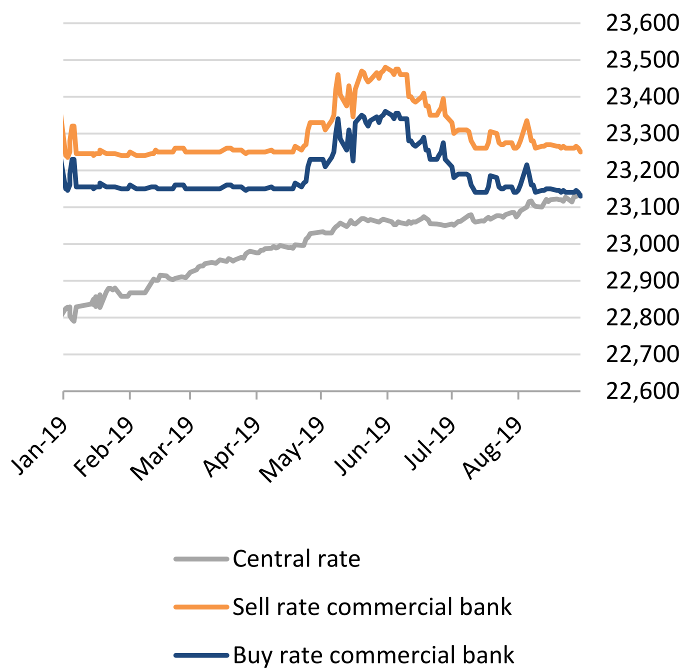
The central exchange rate maintained its momentum and ended the week at 23,133 VND/USD, exceeding the buy rate commercial bank. In particular, the commercial bank VND/USD exchange rate remained quite stable with a small drop to 23,130/23,250 on Friday.

Meanwhile, the trends of global exchange market did not saw any great change compared to the previous week. The EUR/USD and CNY/USD exchange rates continued to plunge to 1.0991 and 0.1398, respectively.

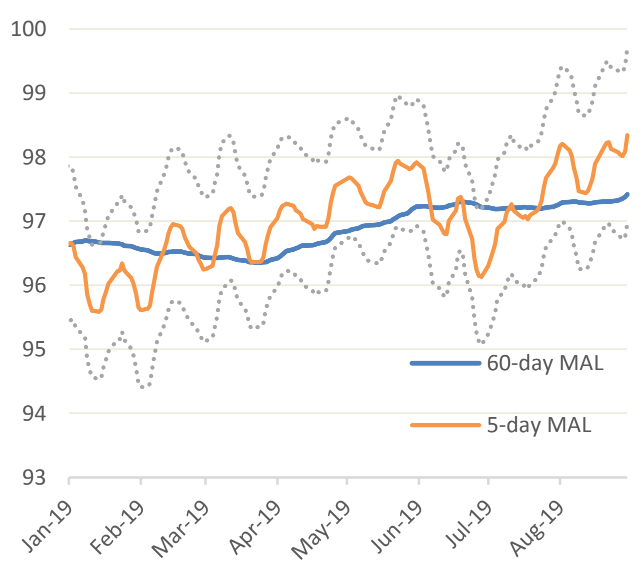
Mức thay đổi tỷ giá (tính từ 01/01/2018)



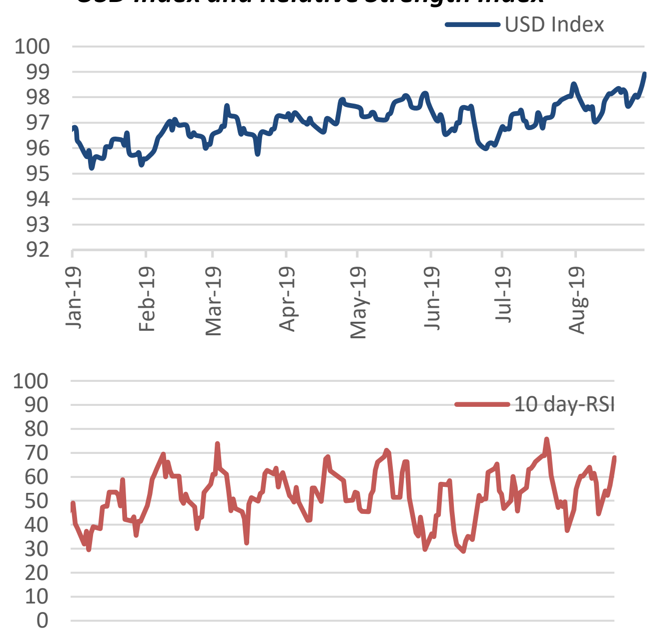
Tỷ giá trung tâm USD/VND tiếp tục tăng



USD Index Moving Average Lines



USD Index and Relative Strength Index



Primary Bond Market

The State Treasury offered VND 3,000bn of bonds. The total winning value reached VND 2,950bn.

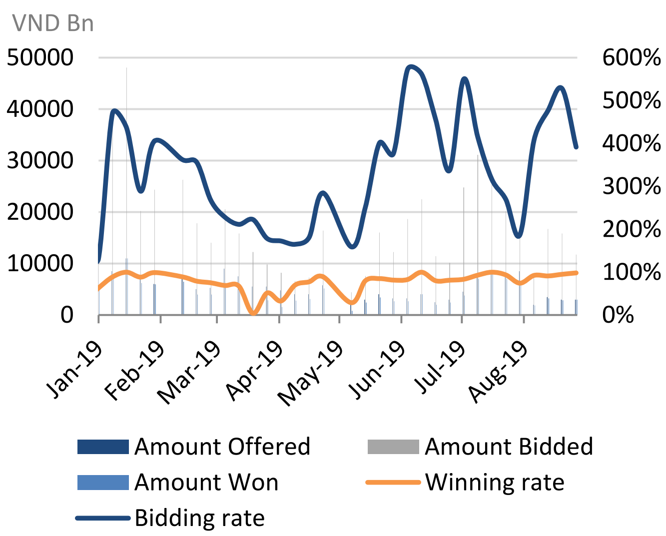
During the week, the State Treasury offered VND 3,000bn of 7y, 10y, 15y and 30y bonds. The total winning value reached VND 2,950bn. Thus, the overall winning rate was 98.3%. There was a drop in demand as the bidding/offering volume ratio fell to 381.5%.

The winning interest rates were decreasing. In particular, the 7-year and 30-year tenors saw the largest decrease, down to 3.75%/y and 5.35%/y, respectively.

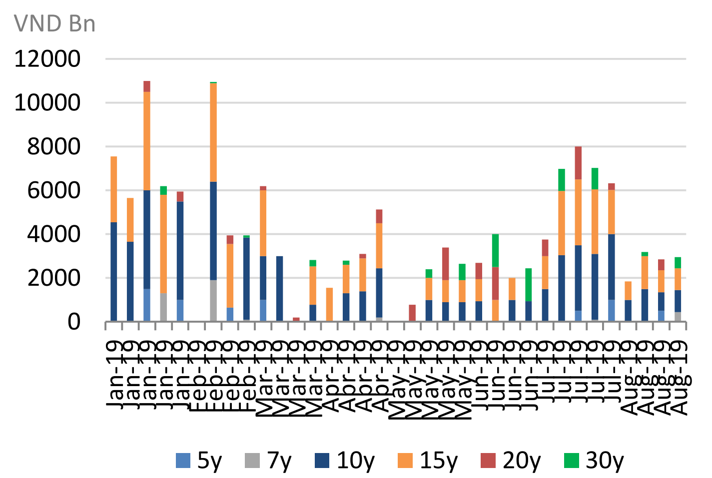
Bond auctions last week

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	TD1949205	State Treasury	30	28-Aug-19	500	2,150	500	5.35	5.9/5.32	-16
2	TD1926170	State Treasury	7	28-Aug-19	500	1,550	450	3.75	4.2/3.69	-22
3	TD1929175	State Treasury	10	28-Aug-19	1,000	3,550	1,000	4.18	4.4/4.15	-2
4	TD1929175	State Treasury	15	28-Aug-19	1,000	4,494	1,000	4.46	4.9/4.4	-4

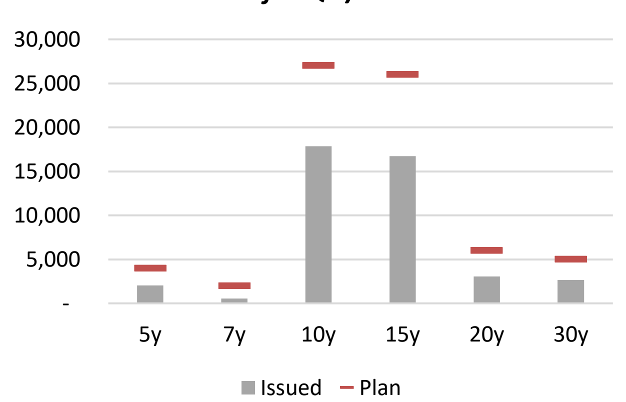
The winning rate reached 98.3%



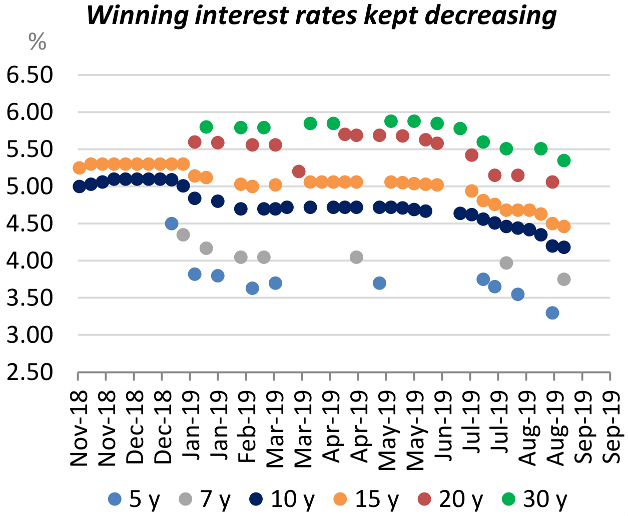
The total winning value stood at VND 2,950bn



State Treasury Issuance plan for Q3 / 2019



Winning interest rates kept decreasing



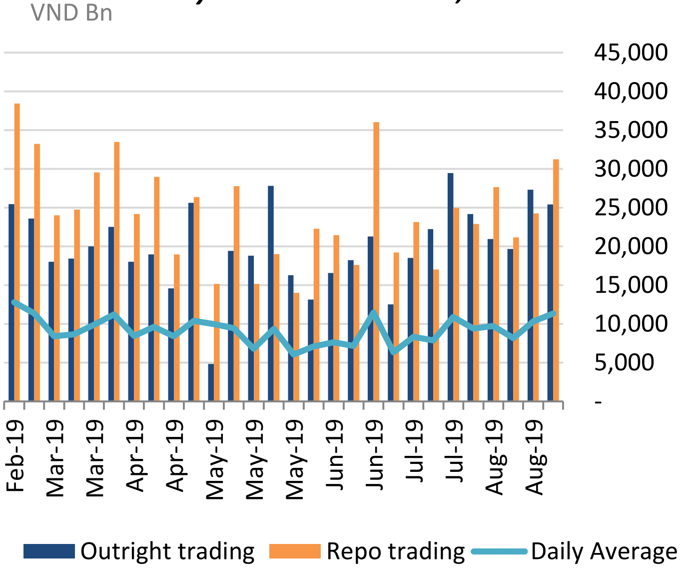
Secondary Bond Market

Total Outright and Repo transaction value increased slightly to VND 56,655bn.

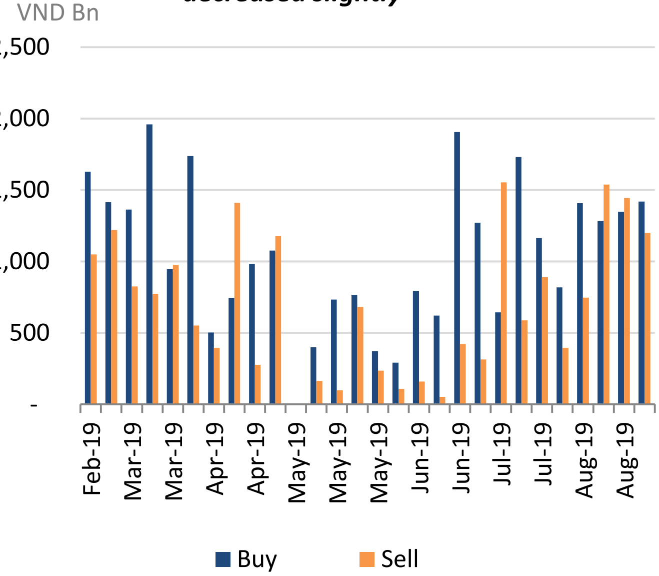
Total Outright and Repo transaction value stood at VND 56,655bn, 9.85% higher than the previous week. By the end of the week, total volume for Outright and Repo transaction stood at VND 25415bn and VND 31,240bn, respectively. The daily average trading volume stood at VND 11,331bn.

Foreign investors' transaction volume slightly fell. In particular, their purchasing and selling value were VND 1,419bn and VND 1,200bn, respectively .

Weekly transaction volume on secondary market was VND 56,655bn

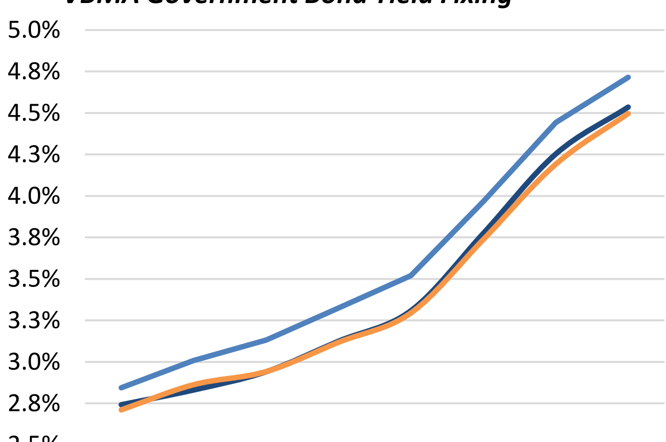


Foreign investors' trading volume decreased slightly



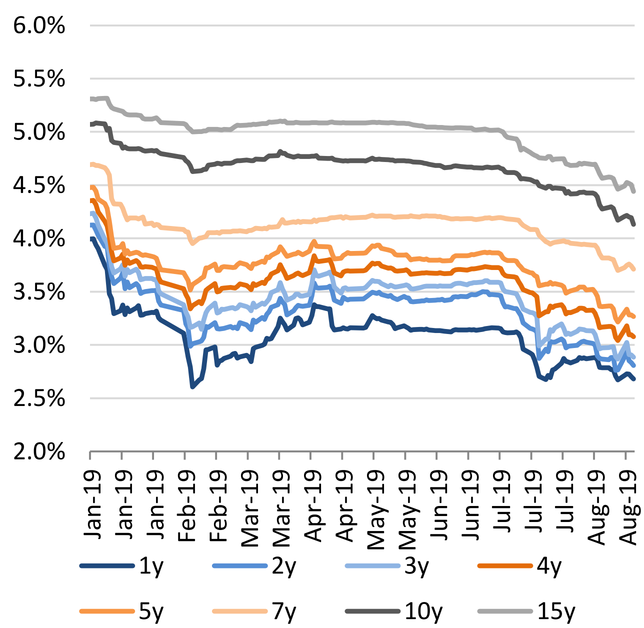
The weekly average VBMA Government Bond Yield did not experience any major change. There was a slight decline in long tenors' yield. In particular, the 10-year bond yield dropped by 6.2 bps, down to 4.18%/y.

Weekly average VBMA Government Bond Yield Fixing



	1y	2y	3y	4y	5y	7y	10y	15y
02-Aug-19	2.84%	3.01%	3.13%	3.33%	3.52%	3.97%	4.44%	4.72%
23-Aug-19	2.74%	2.83%	2.94%	3.12%	3.31%	3.77%	4.25%	4.54%
30-Aug-19	2.71%	2.86%	2.94%	3.12%	3.29%	3.74%	4.19%	4.50%

Daily VBMA Government Bond Yield Fixing



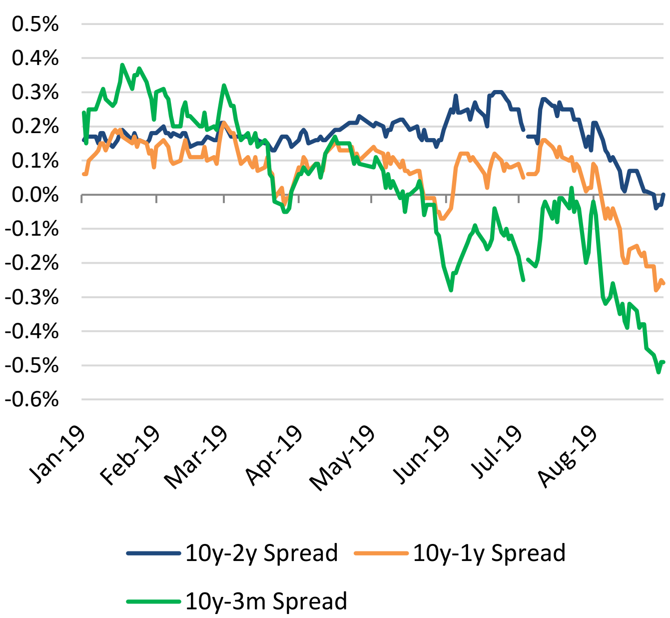
Global Market

The US-China trade war winded down. The 30-year yield in the US hit its record low.

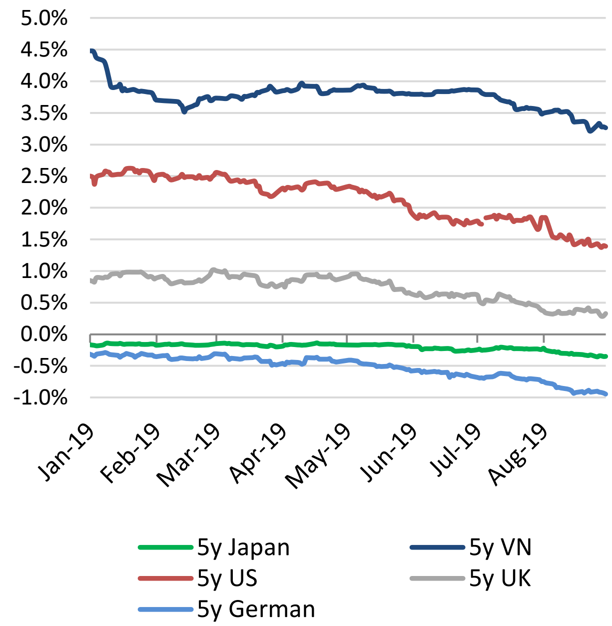
The latest tariff hikes will lift the average tax rate on Chinese goods to 24.3% by December 15, nearly doubling since June. However, speaking at the G7 Summit, President Trump revealed that the prospects for a US-China trade deal were promising.

However, reflecting mixed economic signals, government bond yields were declining. For instance, the US 10-year yield spent most of the week below the 2-year yield. Meanwhile, the US 30-year yield dropped to its low of 1.96%/y, and below the 3-month yield. These change contributed to the yield curve inversion. The US Treasury Secretary Steven Mnuchin stated that that the government was seriously considering offering ultralong bonds—Treasuries with maturities of 50 or even 100 years.

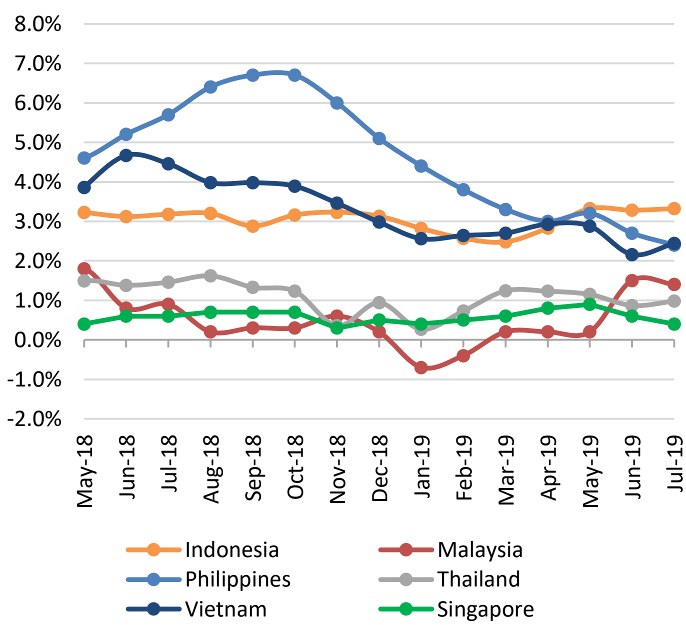
10y-3m, 10y-1y, 10y-2y US Treasury Spread



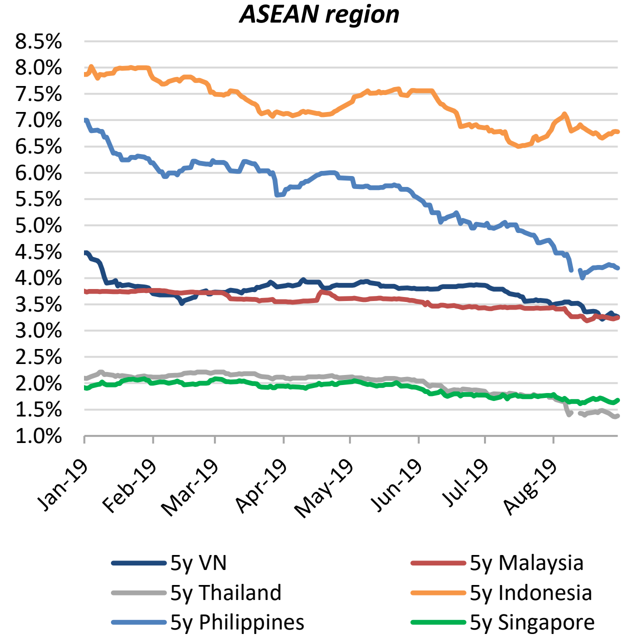
The 5-year Government Bond yields



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	12-09-19	STV	TD1924164	Initial	5	500
2	12-09-19	STV	TD1934191	Additional	15	1,000
3	12-09-19	STV	TD1929179	Additional	10	1,000
4	12-09-19	STV	TD1939201	Initial	20	500

10 bond codes with the largest trading value last week						
No.	**Bond code**	**Issuer**	**Trade amount**	**Initial tenor (years)**	**Remaining tenor (years)**	**Trading yield**
1	State Treasury	TD1929175	3,196	10	9.33	4.2-4.3
2	State Treasury	TD1929178	2,417	10	9.41	4.2-4.3
3	State Treasury	TD1424092	2,259	10	4.73	3.2-4.0
4	State Treasury	TD1939200	1,970	20	19.37	5.0-5.5
5	State Treasury	TD1934190	1,377	15	14.73	4.4-5.1
6	State Treasury	TD1929179	1,170	10	9.89	4.1-4.8
7	State Treasury	TD1934191	1,120	15	14.89	4.4-4.5
8	State Treasury	TD1934187	932	15	14.33	4.5-5.1
9	State Treasury	TD1929177	838	10	9.68	4.2-4.8
10	State Treasury	TD1631461	589	15	11.34	4.6-4.6

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

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