WEEKLY BOND MARKET REPORT

October 07th – 11th, 2019

- Interbank interest rates declined significantly. The State Bank of Vietnam issued VND 89,995.8bn of 7-day T-bill.
- USD/VND exchange rates slightly decreased. EUR and CNY recovered well against USD.
- The State Treasury offered VND 4,250bn of bond. The winning rate reached 98.6%.
- Total Outright and Repo transaction value slightly declined, down to VND 39,631bn.
- China and the US reached a partial trade deal. US Treasury yields recovered significantly.

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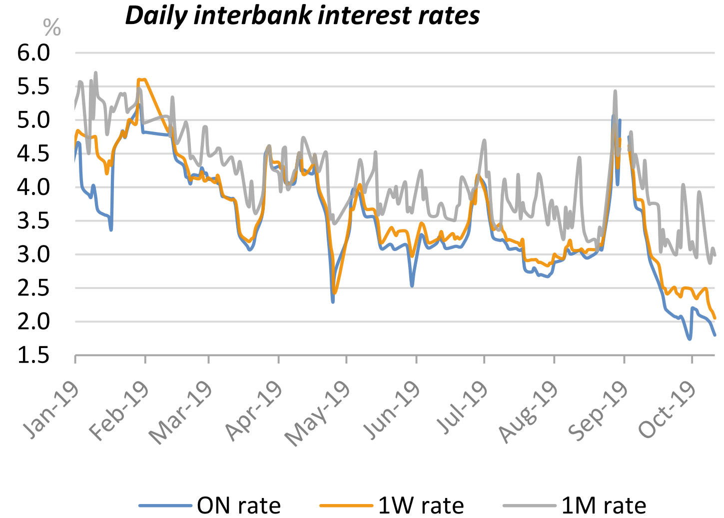
Money Market

Interbank interest rates declined significantly. The State Bank of Vietnam issued VND 89,995.8bn of 7-day T-bill.

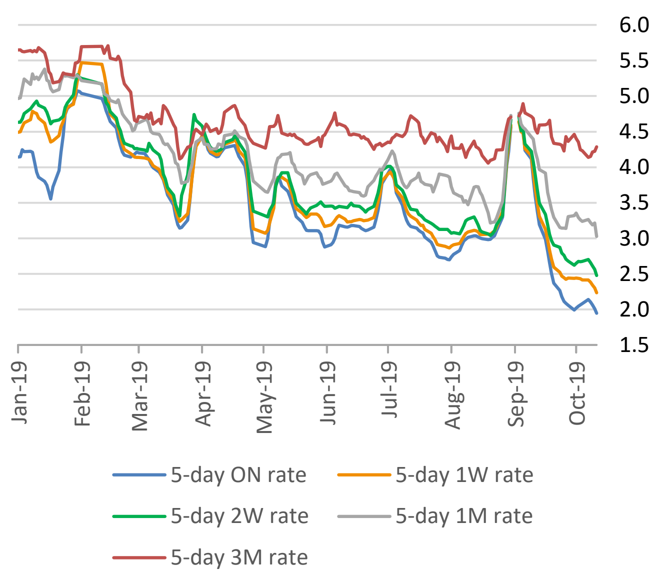
The interbank interest rates dropped remarkably during the week. For instance, the weekly average overnight rate fell by 13bps, to 1.95%/y. Meanwhile, the 1-week and 1-month rates also declined significantly to 2.23%/y and 3.03%/y, respectively. The overnight tenor's volume was VND 184,607bn, accounting for 68.4% of the total volume of the week.

During the week, the SBV issued VND 89,995.8bn of 7-day T-bill at 2.25%/y. This has been the third rate cut in 2019. Additionally, there were VND 497bn of new OMO repurchase, whereas VND 68,996.4bn worth of T-bill matured.

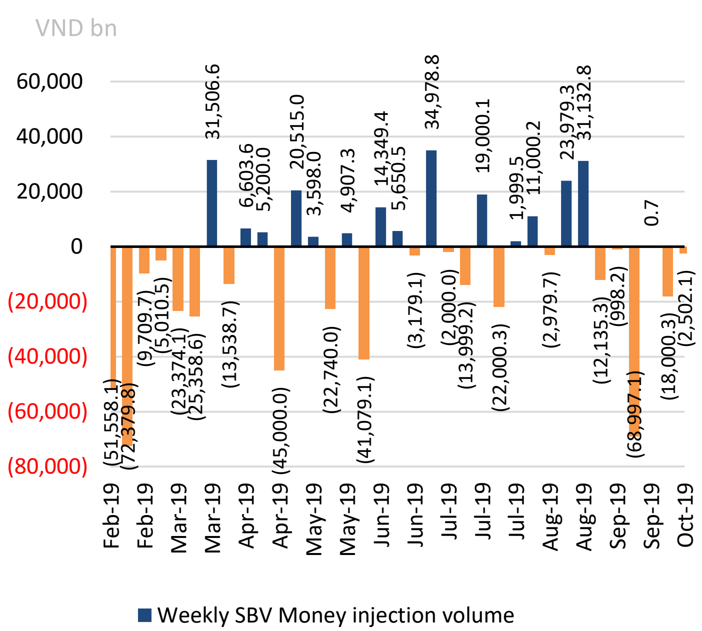
Daily interbank interest rates



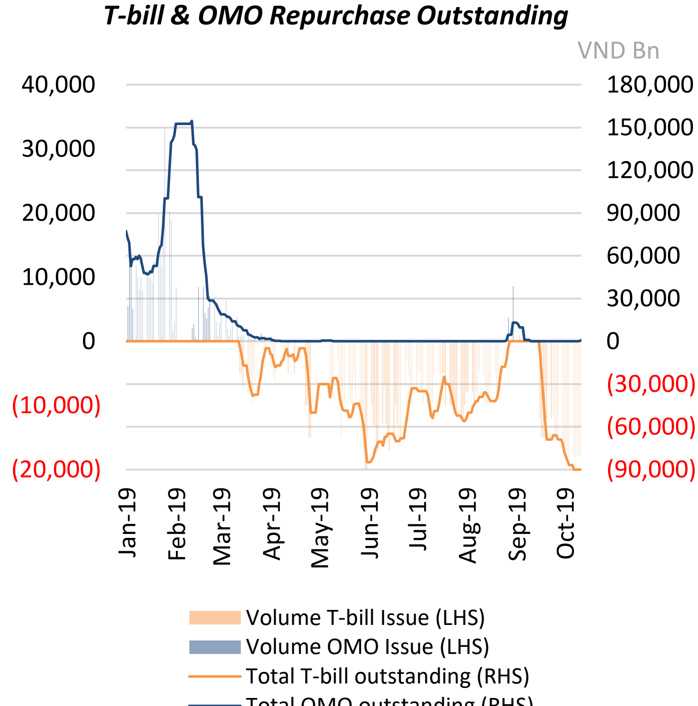
Weekly average interbank interest rates



Weekly SBV money injection volume



T-bill & OMO Repurchase Outstanding



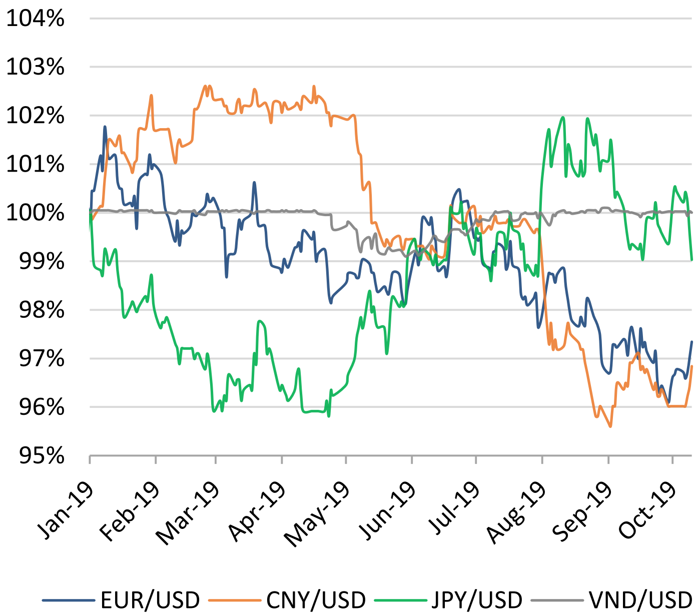
FX Market

USD/VND exchange rates slightly decreased. EUR and CNY recovered well against USD.

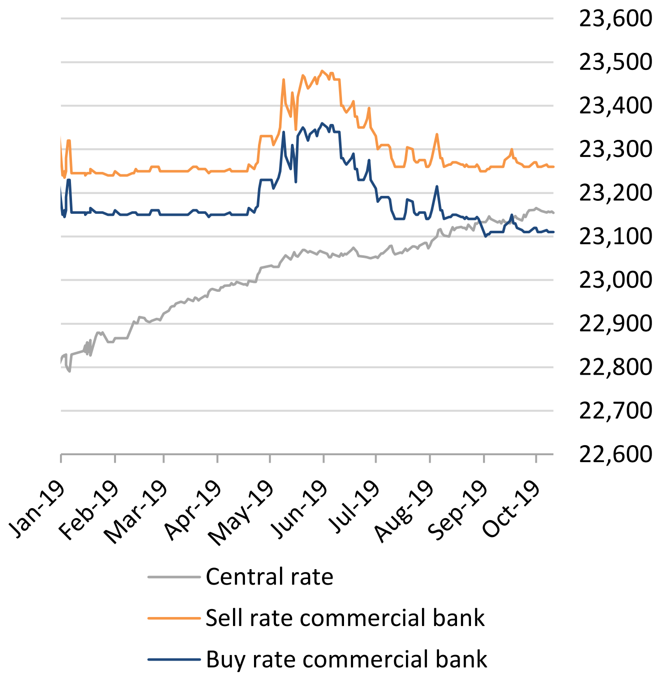
USD/VND exchange rates slightly decreased. In particular, the central exchange rate mildly dropped to 23,154 VND/USD at the end of the week. Meanwhile, the commercial bank rate remained at 23,140/23,260 VND/USD.

Optimistic news, including a partial deal between China and the US, supported the appreciation of several currencies, which had undergone significant drop during the last few weeks. For instance, EUR and CNY appreciated against USD by 0.58% and 0.68%. Meanwhile, JPY declined considerably by 1.39% as the demand for the currency decreased.

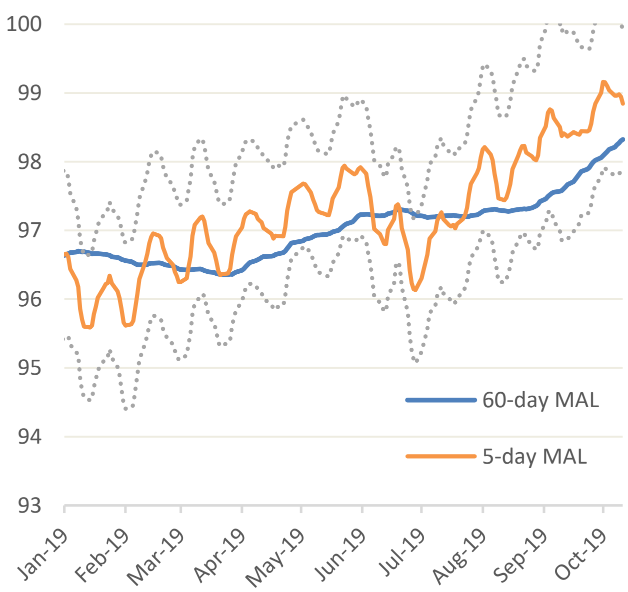
Exchange rate change (base date 01/01/2019)



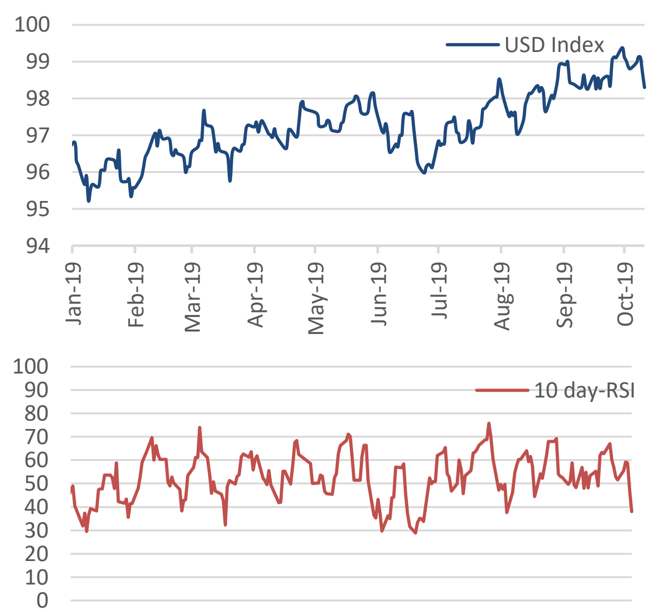
USD/VND exchange rates



USD Index Moving Average Lines



USD Index and Relative Strength Index



Primary Bond Market

The State Treasury offered VND 4,250bn of bond. The winning rate reached 98.6%.

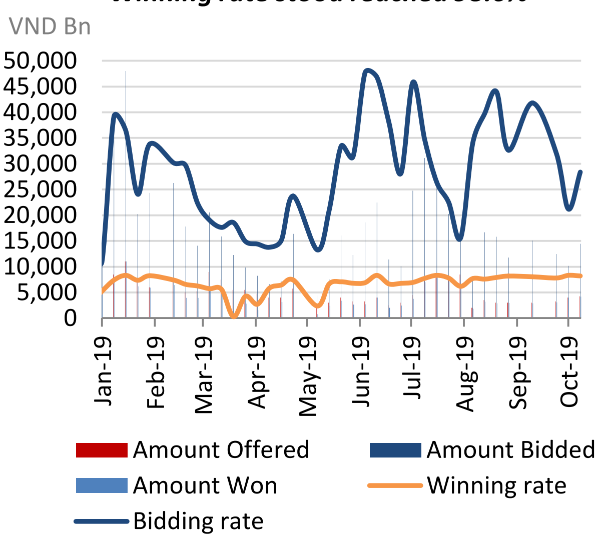
During the week, the State Treasury offered VND 4,250bn of 7y, 10y, 15y and 30y bonds. Among offered bonds, only VND 60bn of 7y bond were not issued. Thus the winning rate stood at 98.6%. Meanwhile, the bidding/offering volume ratio increased considerably to 340.5%.

In the last auction session, there was only 7-year yield that saw an increase. All other tenors' winning yields fell by 2-4bps.

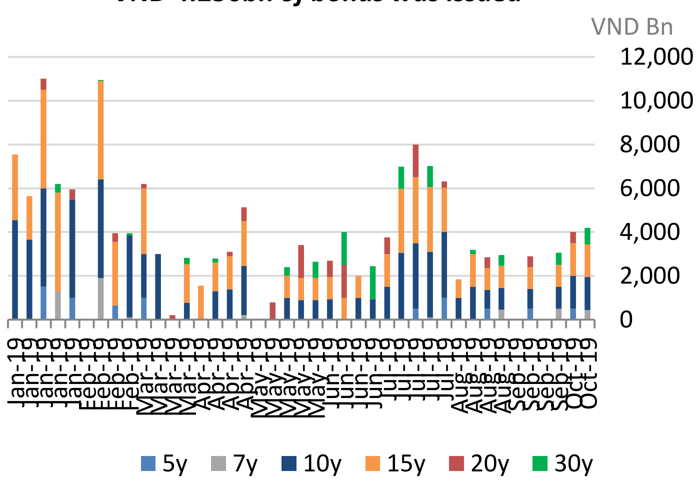
Bond auctions last week

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	TD1926171	State Treasury	7	9-Oct-19	500	1,491	440	3.57	4.6/3.45	3
2	TD1929180	State Treasury	10	9-Oct-19	1,500	3,300	1,500	3.96	4.2/3.94	-2
3	TD1934191	State Treasury	15	9-Oct-19	1,500	5,350	1,500	4.21	4.5/4.18	-4
4	TD1949206	State Treasury	30	9-Oct-19	750	4,330	750	5.20	6/5.15	-3

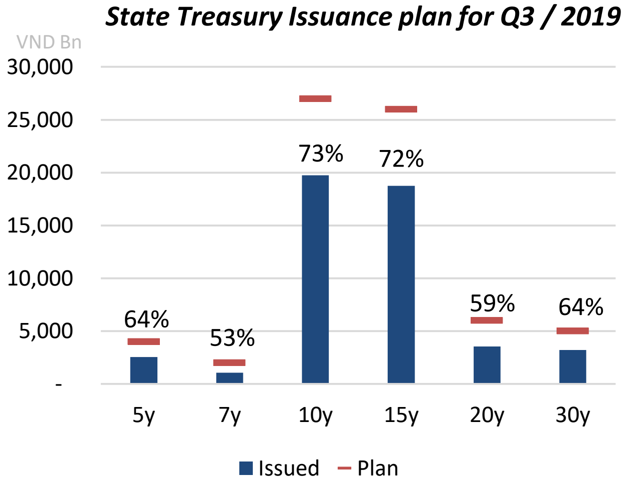
Winning rate stood reached 98.6%



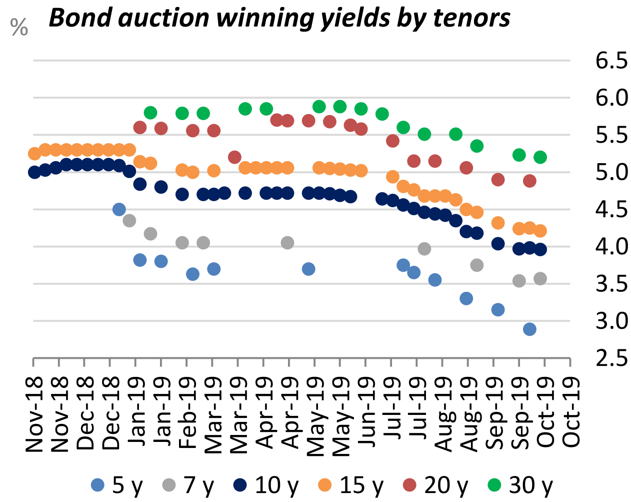
VND 4.250bn of bonds was issued



State Treasury Issuance plan for Q3 / 2019



Bond auction winning yields by tenors



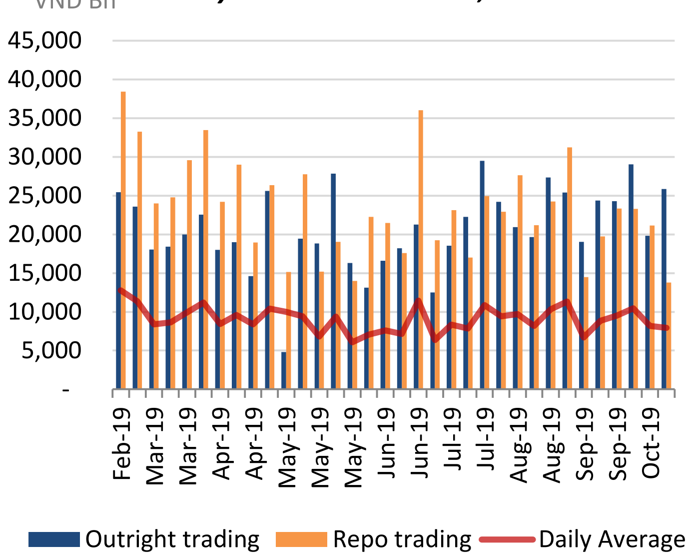
Secondary Bond Market

Total Outright and Repo transaction value slightly declined, down to VND 39,631bn.

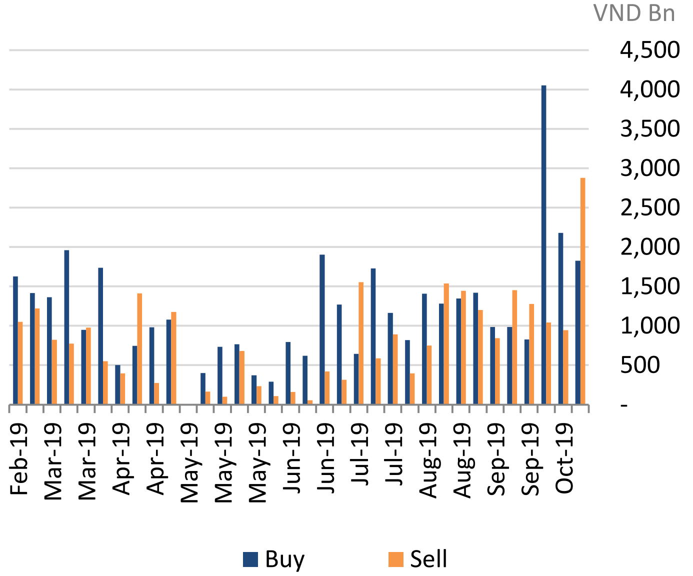
Secondary market slightly decreased during the week. Weekly total Outright and Repo transaction value was recorded at VND 39,631bn, 3.16% lower than the previous week. Volume for Outright and Repo transaction stood at VND 25,854bn and VND 13,777bn, respectively. The daily average trading volume stood at VND 7,926bn.

After two consecutive weeks of net purchasing, foreign investors' selling volume increased significantly. During the week, the net selling value of foreign investors was recorded at VND 1,052bn.

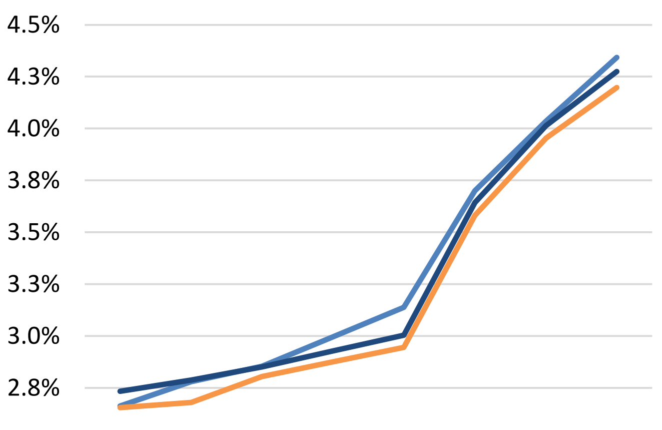
Weekly transaction volume on secondary market was VND 39,631bn



Foreign investors net sold VND 1,052bn of bonds

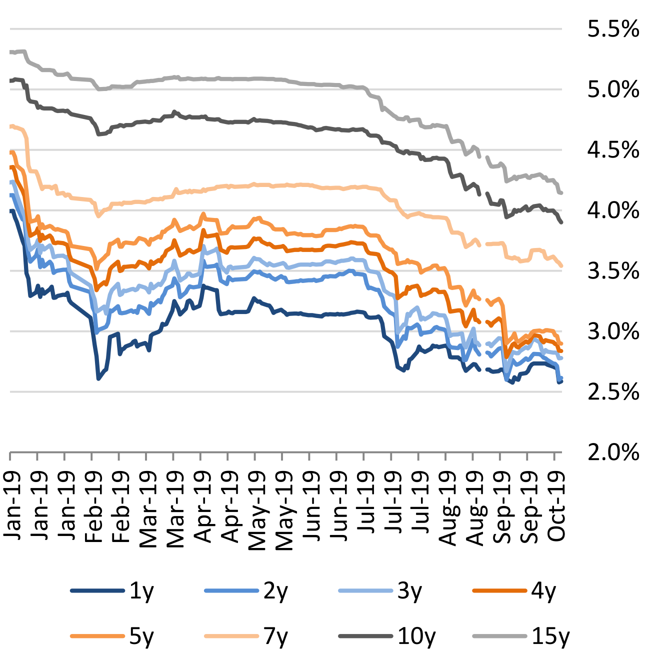


Weekly average VBMA Government Bond Yield Fixing



	1y	2y	3y	4y	5y	7y	10y	15y
13-Sep-19	2.66%	2.78%	2.85%	3.00%	3.14%	3.70%	4.04%	4.34%
04-Oct-19	2.73%	2.79%	2.85%	2.93%	3.00%	3.64%	4.01%	4.27%
11-Oct-19	2.65%	2.68%	2.80%	2.88%	2.95%	3.58%	3.95%	4.20%

Daily VBMA Government Bond Yield Fixing



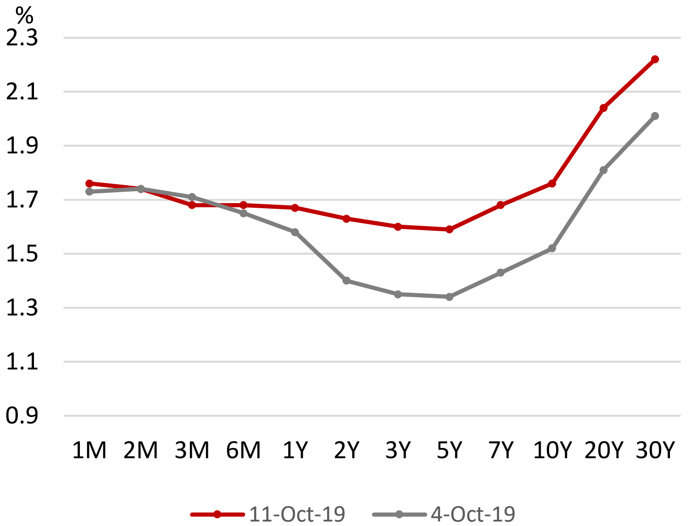
Global Market

China and the US reached a partial trade deal. US Treasury yields recovered significantly.

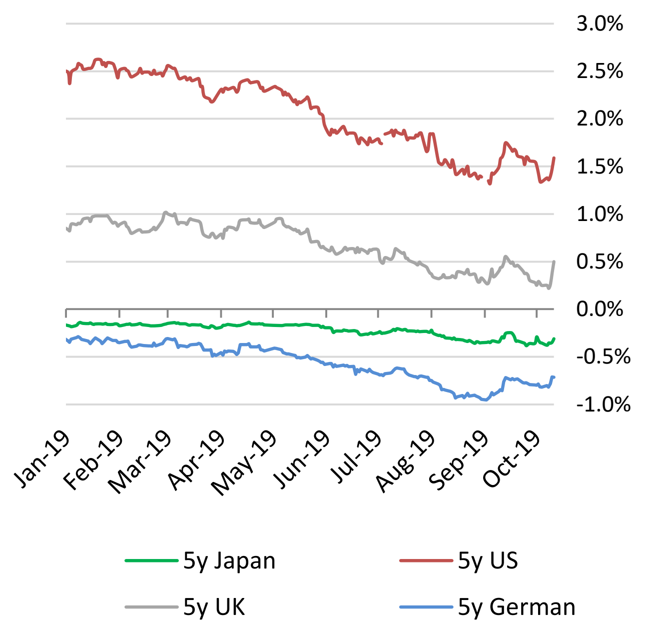
The negotiation on 10-11/10/2019 between the US and China resulted in an outline of an agreement where the US would suspend planned tariff increases as China agree to some agriculture concessions. However, this partial deal did not cover many of the main areas in dispute, namely the theft of intellectual property, forced technology transfers and Chinese industrial subsidies.

Nevertheless, the progress led to more positive sentiment. By the end of the week, US Treasury yields had recovered remarkably from previous drop. The upward shift was more apparent for longer tenors. In particular, 7-year and 10-year yields rose by 25bps and 24bps, respectively.

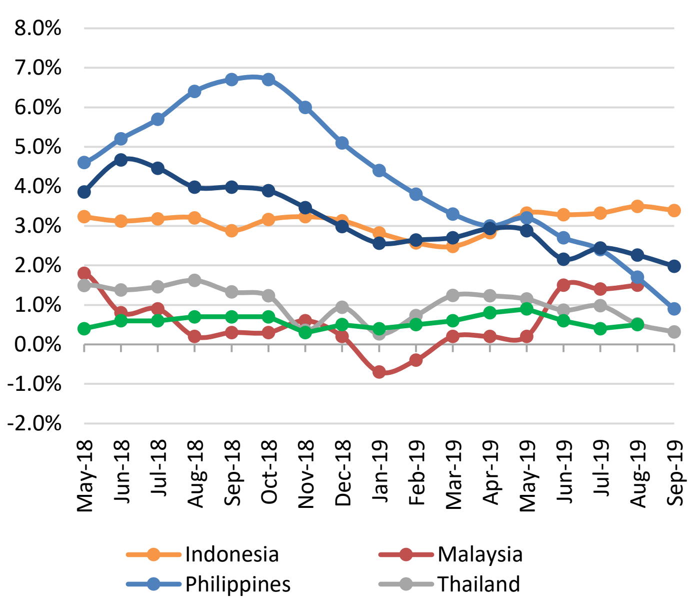
Week-over-Week US Treasury Yield



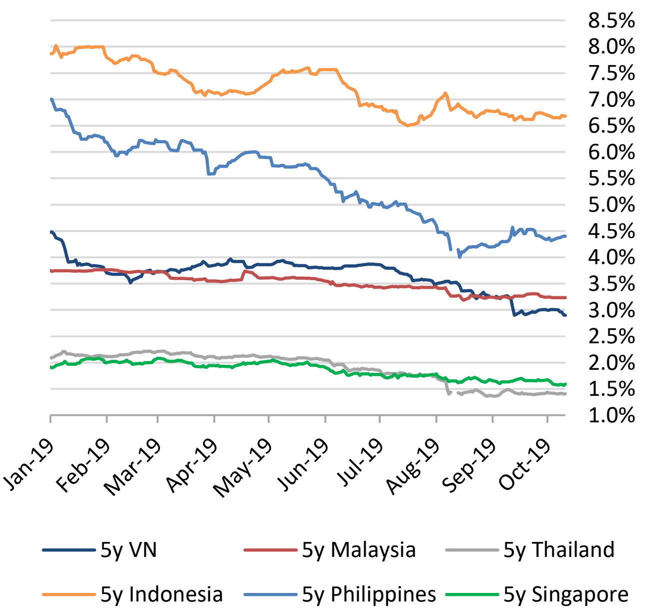
The 5-year Government Bond yields



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	17-10-19	STV	TD1924164	Additional	5	500
2	17-10-19	STV	TD1929180	Additional	10	1,500
3	17-10-19	STV	TD1934192	Initial	15	1,500
4	17-10-19	STV	TD1939201	Additional	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	TD1823087	1,292	5	3.22	2.8-3.213
2	State Treasury	TD1747409	1,135	30	27.24	5.551-6.0899
3	State Treasury	TD1828119	1,119	10	9.08	3.9599-4.6107
4	State Treasury	TD1949205	1,100	30	29.27	5.2-5.8593
5	State Treasury	TD1934191	989	15	14.77	4.19-4.8
6	Bank for Development	BVDB17269	913	10	8.12	4.55-4.55
7	State Treasury	TD1626456	725	10	6.38	3.45-4.2
8	Bank for Development	BVDB17218	647	5	3.12	3.7999-3.7999
9	State Treasury	TD1429094	628	15	9.41	3.96-4.6196
10	State Treasury	TD1929179	618	10	9.77	3.93-4.4999

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

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