WEEKLY BOND MARKET REPORT

September 02nd - 06th, 2019

- Interbank interest rates decreased. The State Bank of Vietnam withdrawn VND 12,135.3bn from the market.
- USD/VND central exchange rate continued to rise. USD index declined.
- Since the beginning of July, the issued government bond value reached VND 42,929bn, 61.3% of planned figure of Q3/2019.
- Total Outright and Repo transaction value dropped by over 40%, to VND 33,518bn.
- FED was expected to announce an additional interest rate cut. The People's Bank of China (PBOC) reduced the required reserve ratio.

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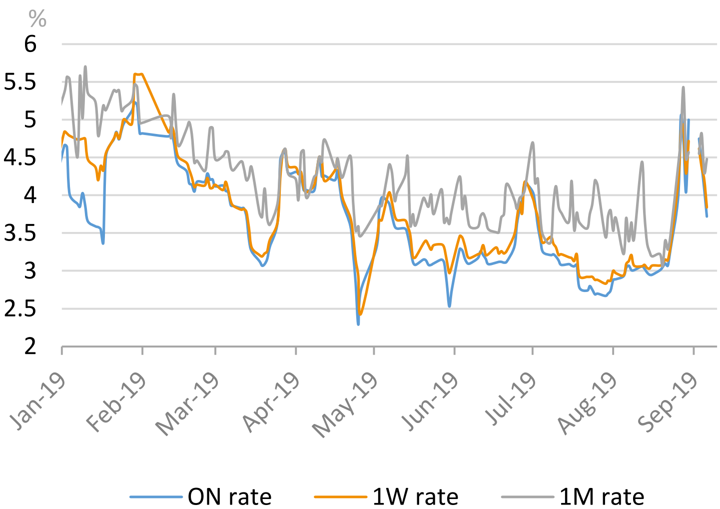
Money Market

Interbank interest rates decreased. The State Bank of Vietnam withdrawn VND 12,135.3bn from the market.

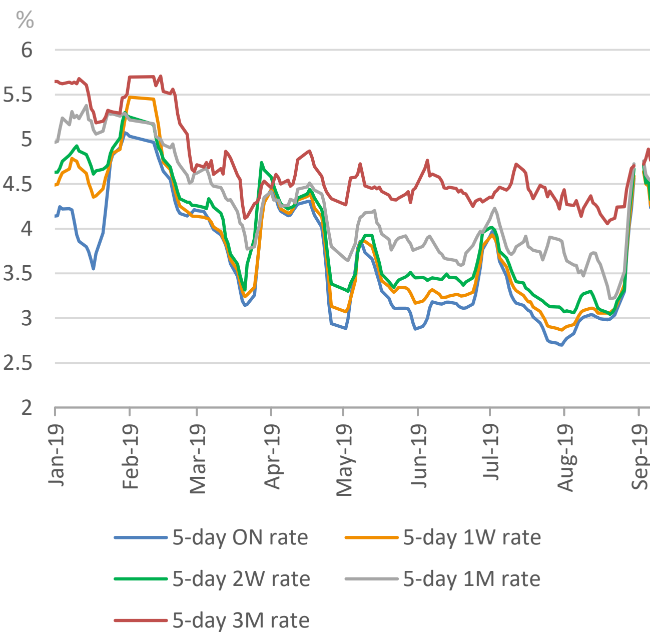
After the holiday, interbank interest rates underwent strong adjustment. The weekly average overnight and 1-week rates declined to 4.24%/y and 4.26%/y, respectively. Meanwhile, the 1-month rate fell by 19bps, to 4.54%/y. The overnight tenor's volume was VND 184,483bn, accounting for 67.2% of the total volume of the week.

During the week, there was no T-bill issued. On the other hand, the OMO repurchase value was VND998.2bn, with VND13,133.5bn came to matury. Thus, VND 12,135.3bn was withdrawn from the money market.

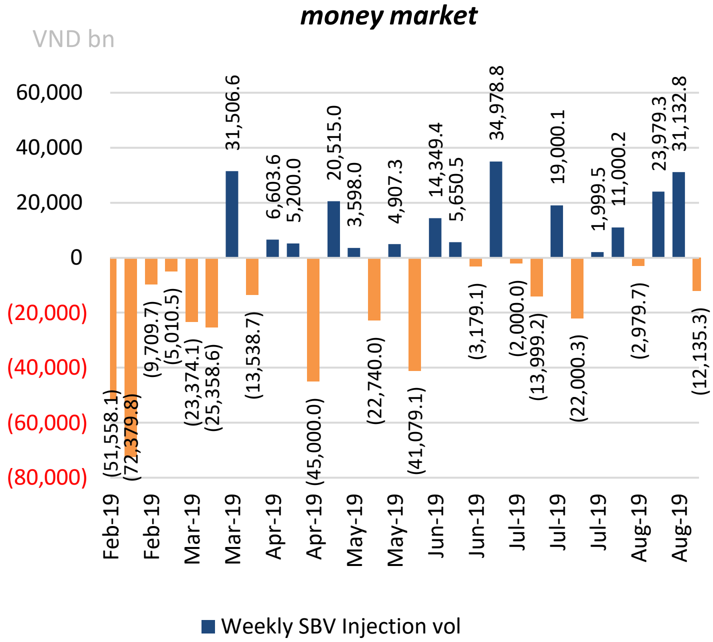
Daily interbank interest rates



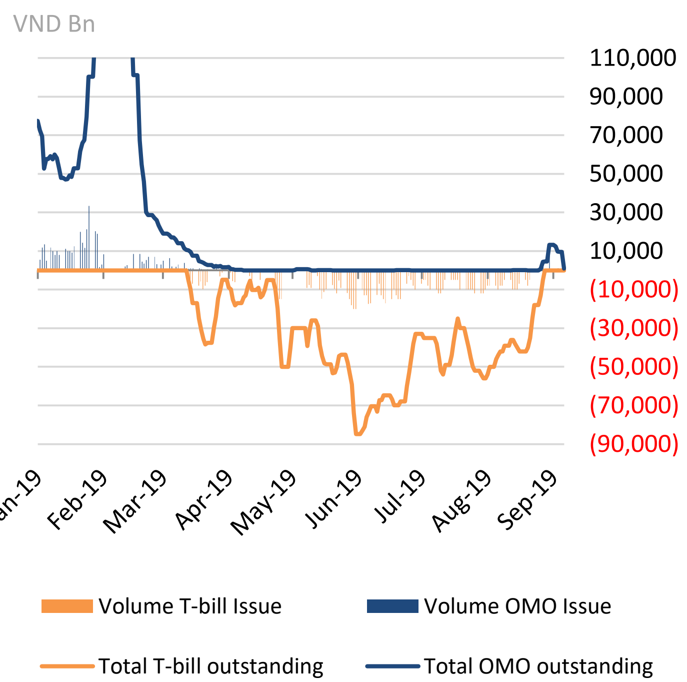
Weekly average interbank interest rates



VND 12,135.3bn was withdrawn from the money market



Total value of OMO repurchase during the week reached VND 998.2bn

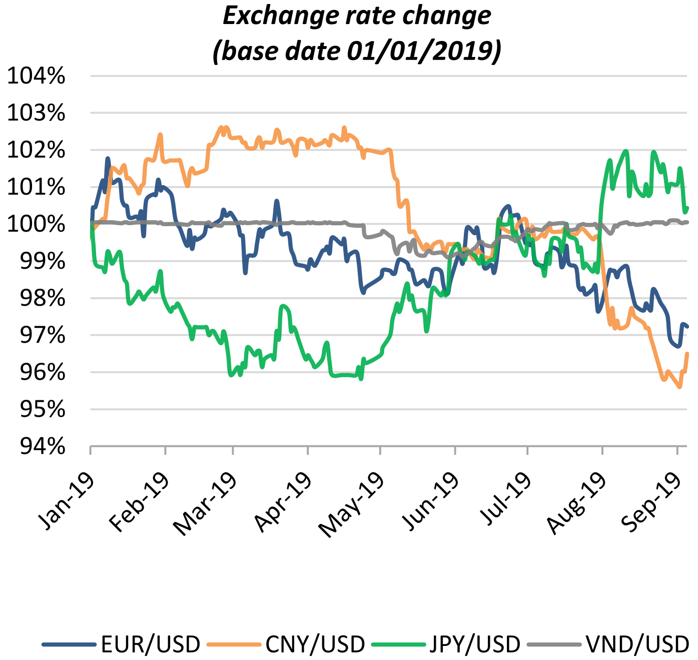


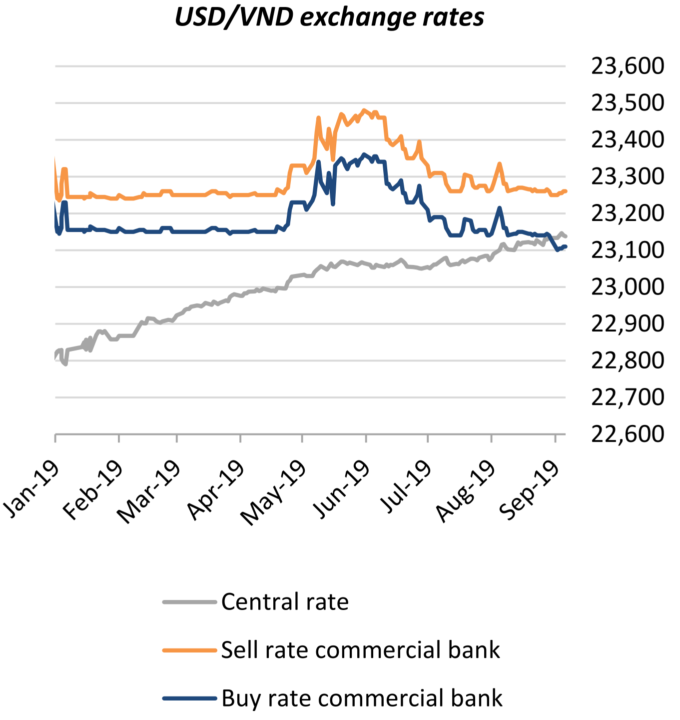
FX Market

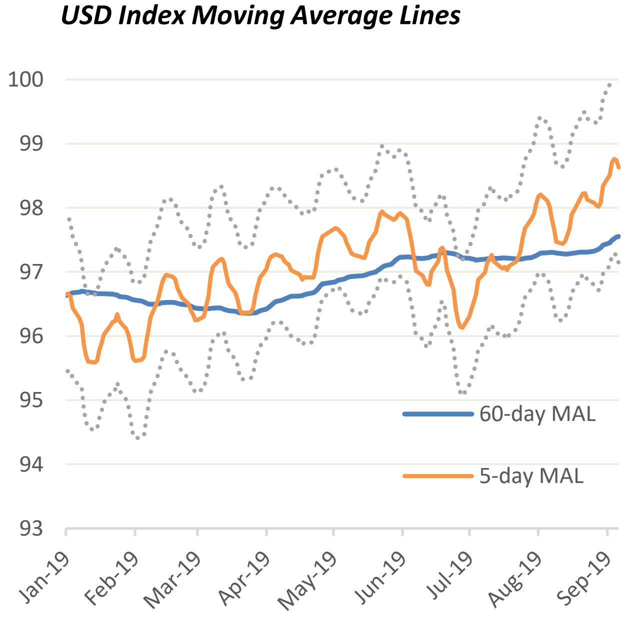
USD/VND central exchange rate continued to rise. USD index declined.

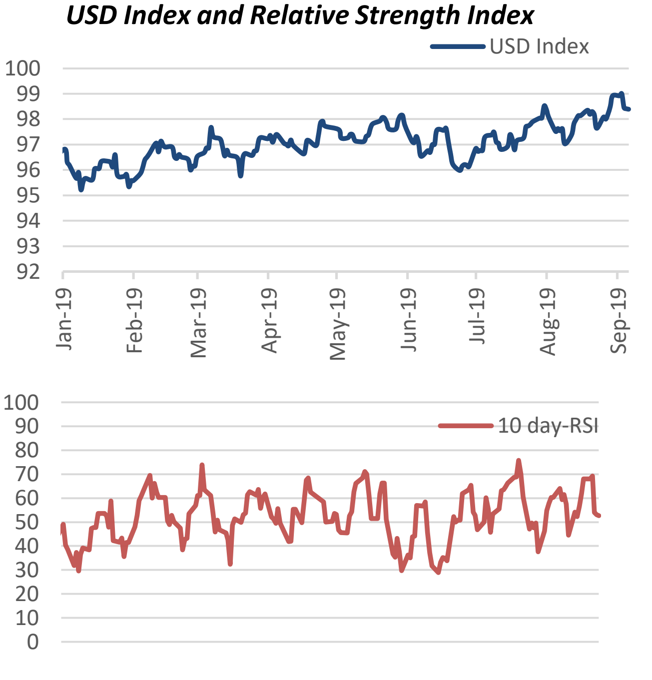
The central exchange rate maintained its momentum and ended the week at 23,138 VND/USD. On the contry, the commercial bank buy rate saw a considerable drop to 23,100 VND/USD, before recovering to 23,110 VND/USD on Friday.

In the light of new ISM manufacturing index and payroll report, the USD depreciated against some major currencies. USD index ended the week at 98.39, while EUR/USD and CNY/USD showed remarkable recovery.







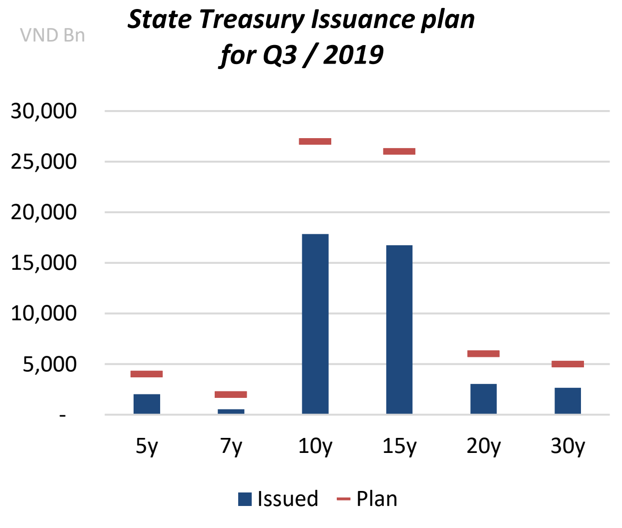


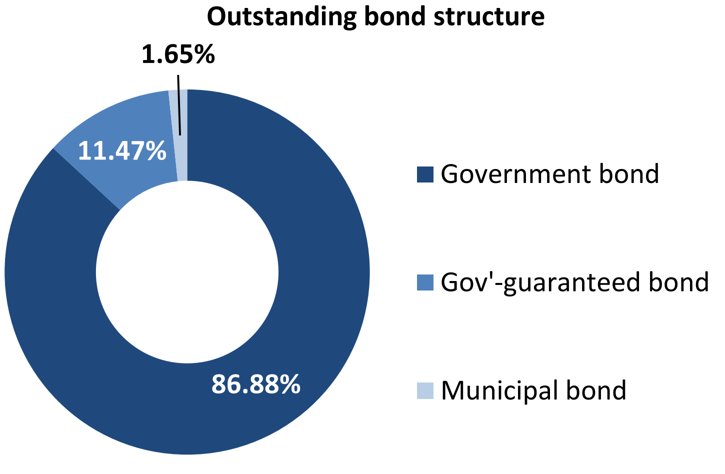
Primary Bond Market

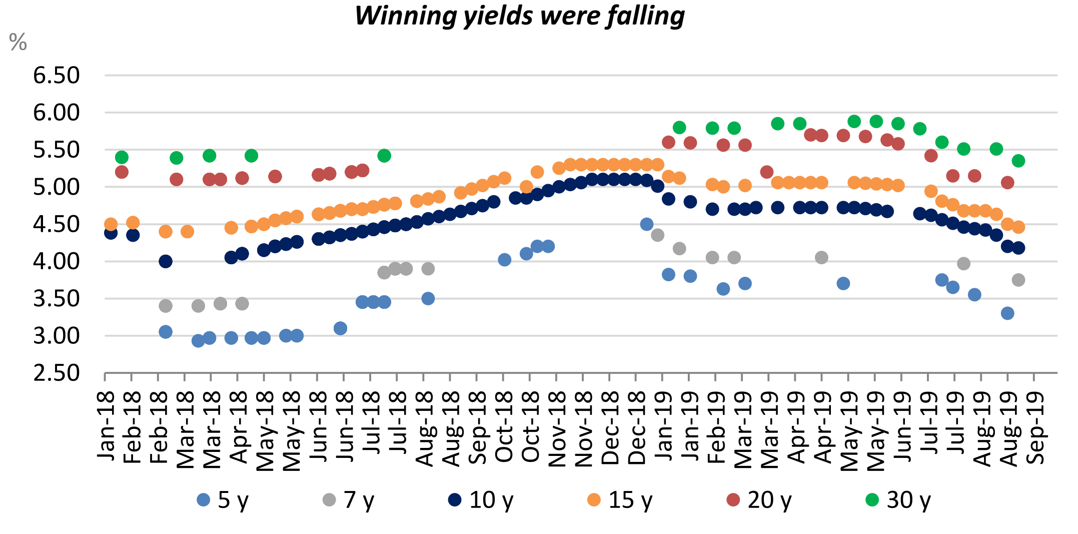
Since the beginning of July, the issued government bond value reached VND 42,929bn, 61.3% of planned figure of Q3/2019.

There was no government bond auction session organized during the week. Since the beginning of Q3/2019, VND 42,929bn of government bonds was issued (61.3% of planned value). 10-year and 15-year tenors accounted for the majority of the total volume, stood at 41.6% and 39.0%, respectively. Generally, the winning yields has been falling since early 2019.

At the moment, the total outstanding volume of government bond, government-guaranteed bond and municipal bond was VND 1,102,789bn. In particular, the outstanding value of Governbond was VND 958,029bn, while the figures for Government-guaranteed bond and municipal bond were VND 126,536bn and VND 18,224bn, respectively.







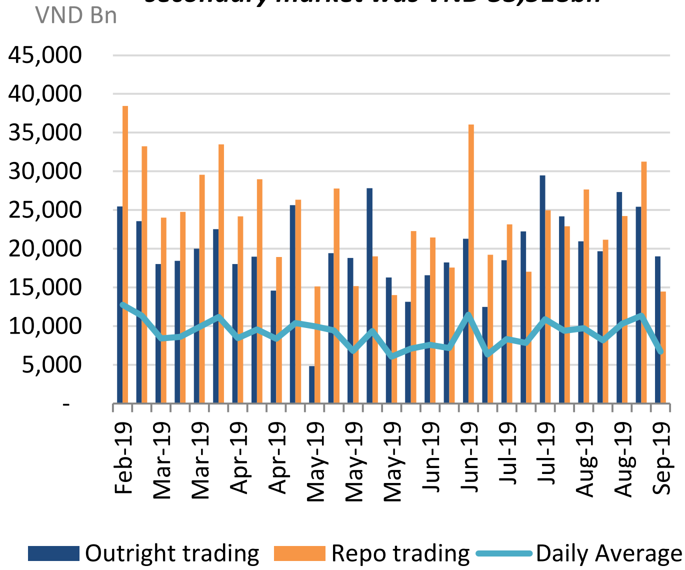
Secondary Bond Market

Total Outright and Repo transaction value dropped by over 40%, to VND 33,518bn.

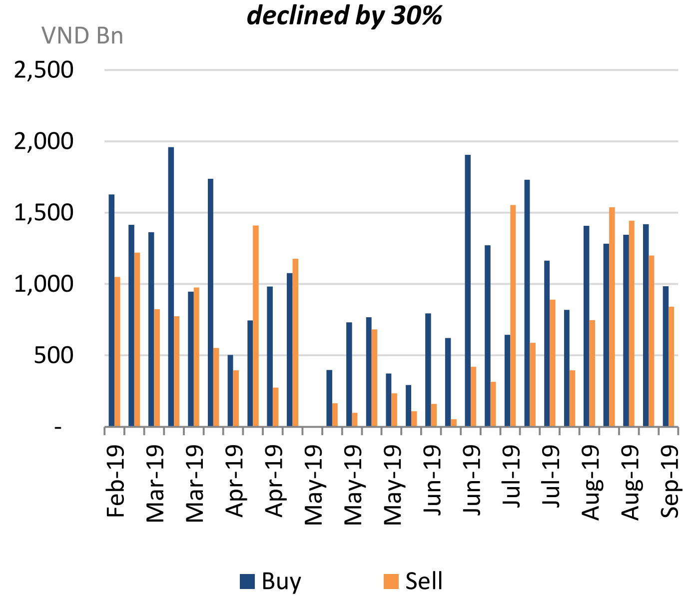
Total Outright and Repo transaction value stood at VND33,518bn, 40.8% lower than the previous week. By the end of the week, total volume for Outright and Repo transaction stood at VND 19,030bn and VND 14,487bn, respectively. The daily average trading volume stood at VND 6,704bn.

Foreign investors' transaction volume also declined. In particular, their purchasing and selling value were VND 985bn and VND 841bn, respectively .

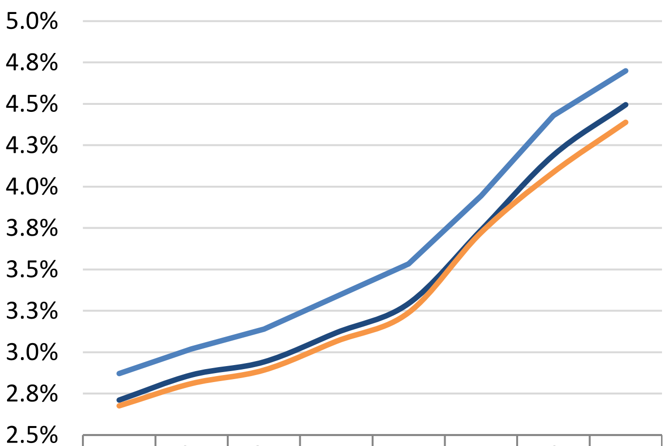
Weekly transaction volume on secondary market was VND 33,518bn



Foreign investors' transaction volume declined by 30%

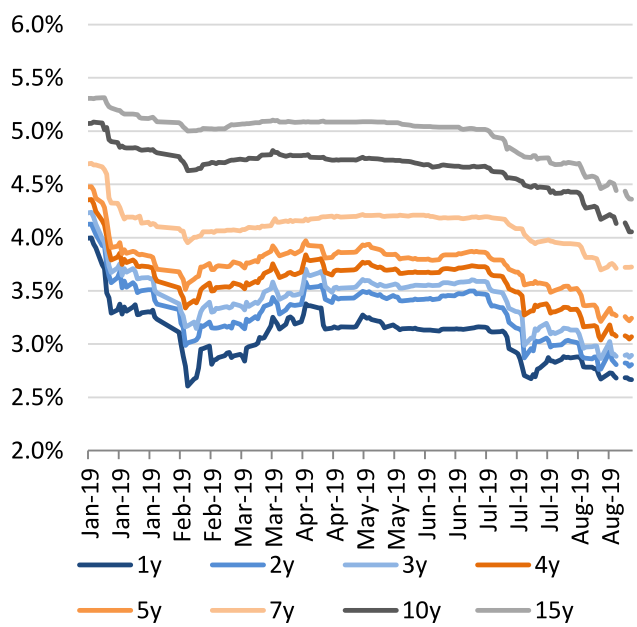


Weekly average VBMA Government Bond Yield Fixing



	1y	2y	3y	4y	5y	7y	10y	15y
09-Aug-19	2.87%	3.02%	3.14%	3.34%	3.53%	3.94%	4.43%	4.70%
30-Aug-19	2.71%	2.86%	2.94%	3.12%	3.29%	3.74%	4.19%	4.50%
06-Sep-19	2.68%	2.81%	2.89%	3.07%	3.24%	3.72%	4.09%	4.39%

Daily VBMA Government Bond Yield Fixing



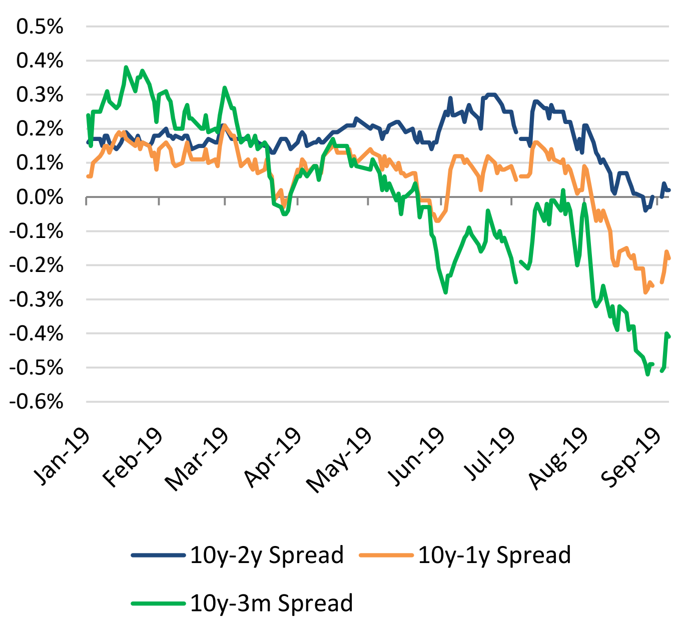
Global Market

FED was expected to announce an additional interest rate cut. The People's Bank of China (PBOC) reduced the required reserve ratio.

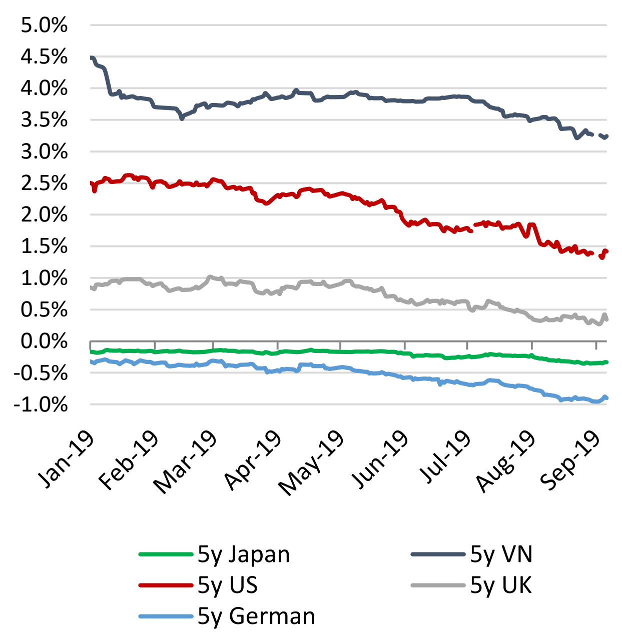
The US ISM manufacturing index fell to 49.1 from 51.3. The survey's respondents remained concerned about tariffs and geopolitical uncertainty, however, they were mostly positive about business conditions. US non-farm payrolls also fell short of expectations; 130,000 new jobs were created in August, which was 30,000 fewer than forecast. Investors expected that these disappointing figures would lead to another interest rate cut by FED in near future.

A report to Chinese congress by an internal commission concluded the 14 month trade dispute between China and the US has had little direct impact on the Chinese economy. However, PBOC still cut the required reserve ratio by 0.5% for all banks with an additional 1% cut for some city commercial banks. This would provide additional support for the economy, particularly helping reduce funding costs for the manufacturing sector.

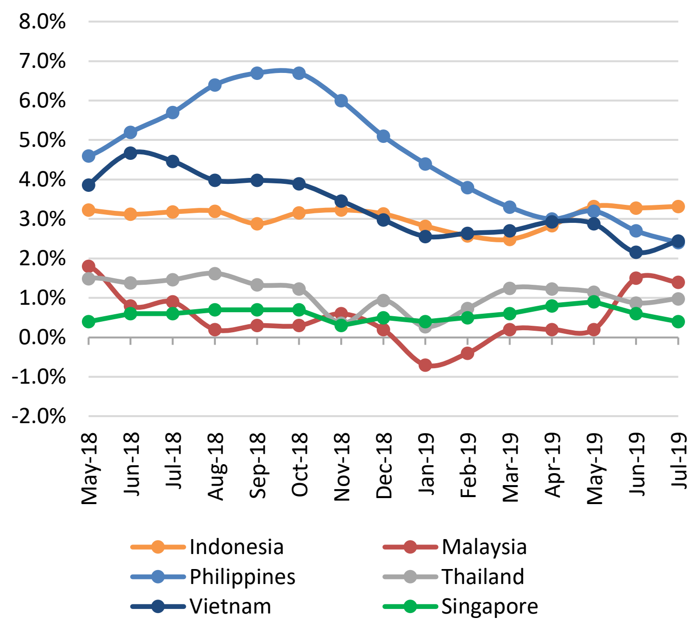
10y-3m, 10y-1y, 10y-2y US Treasury Spread



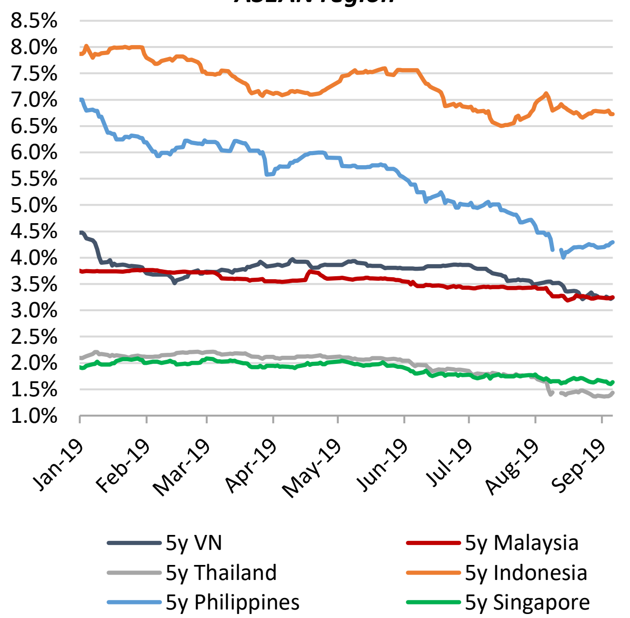
The 5-year Government Bond yields



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	TD1939200	1,448	20	19.35	5.0-5.5
2	State Treasury	TD1934190	1,391	15	14.72	4.3-5.1
3	State Treasury	TD1929179	1,339	10	9.87	4.0-4.1
4	State Treasury	TD1929175	1,275	10	9.31	4.0-4.3
5	State Treasury	TD1934191	869	15	14.87	4.3-5.1
6	State Treasury	TD1929178	867	10	9.39	4.0-4.2
7	State Treasury	TD1934189	771	15	14.37	4.4-4.4
8	State Treasury	TD1924163	692	5	4.35	3.2-3.5
9	State Treasury	TD1424092	690	10	4.72	3.2-4.0
10	State Treasury	TD1646468	654	30	26.38	6.0-6.0

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

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