WEEKLY BOND MARKET REPORT

September 09th - 13th, 2019

- Interbank interest rates kept falling. The State Bank of Vietnam withdrawn VND 998.2bn from the market.
- USD/VND central exchange rate remained stable. CNY and EUR appreciated thanks to positive news.
- State Treasury offered VND 3,000bn of bonds. The total issued volume reached VND 2,900bn.
- Total Outright and Repo transaction value increased by 31.65%, to VND 44,124bn.
- The US long-term bond yield surged. ECB announced new stimulus measures to promote economic growth in EU.

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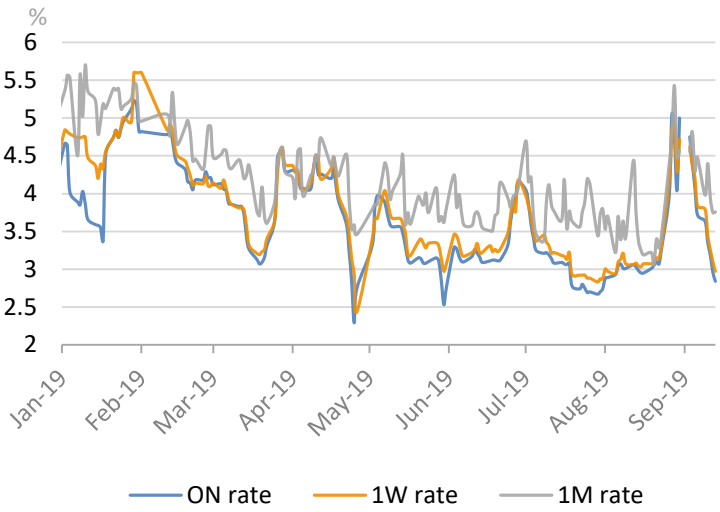
Money Market

Interbank interest rates kept falling. The State Bank of Vietnam withdrawn VND 998.2bn from the market.

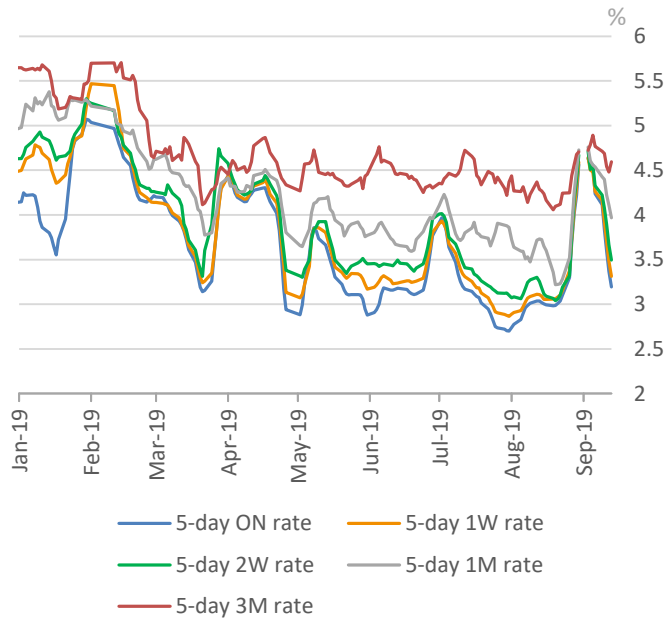
The downward trend of interbank interest rates persisted. The weekly average overnight and 1-week rates saw a strong decline of 105bps and 95bps, to 4.19%/y and 3.31%/y, respectively. Meanwhile, the 1-month rate also fell by 57bps, to 3.97%/y. The overnight tenor's volume was VND 195,759bn, accounting for 68.3% of the total volume of the week.

During the week, there was no new issuance of T-bill and OMO repurchase. At the same time, VND998.2bn of OMO from the previous week came to maturity. Thus, VND 998.2bn was withdrawn from the money market.

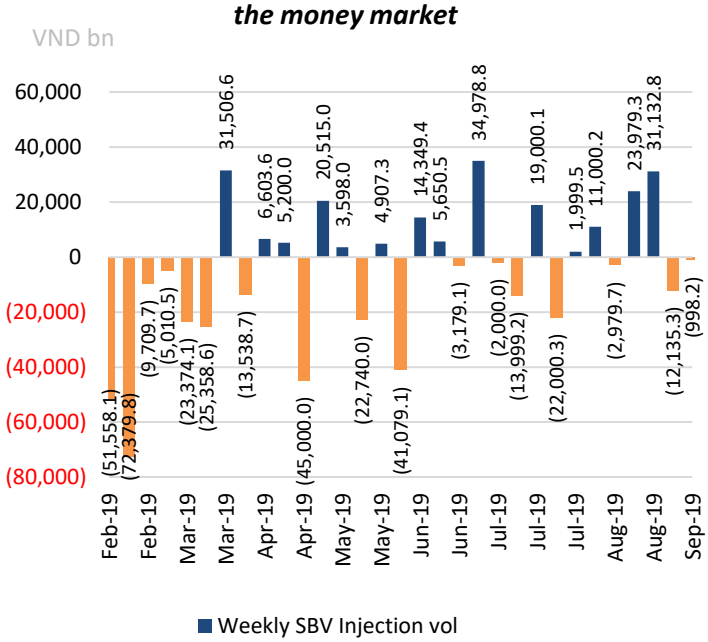
Daily interbank interest rates



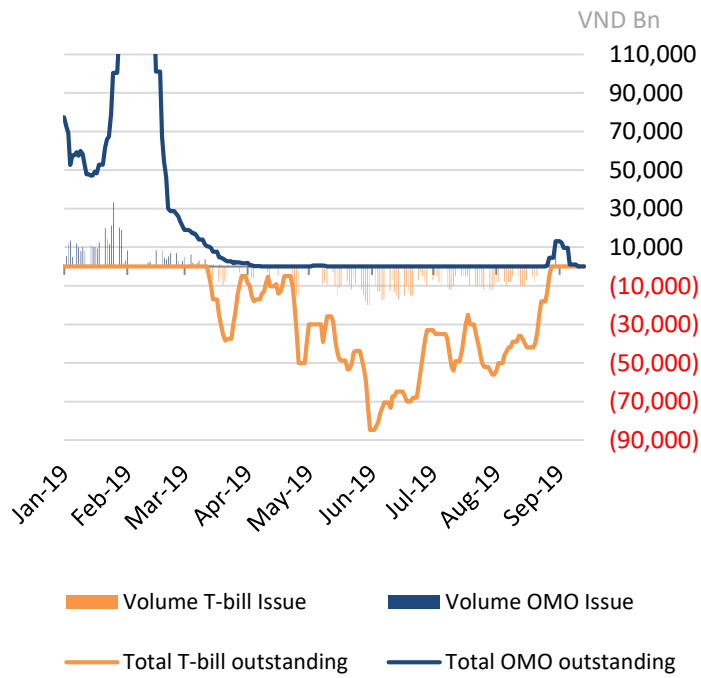
Weekly average interbank interest rates



VND 998.2bn was withdrawn from the money market



T-bill and OMO outstanding reached 0



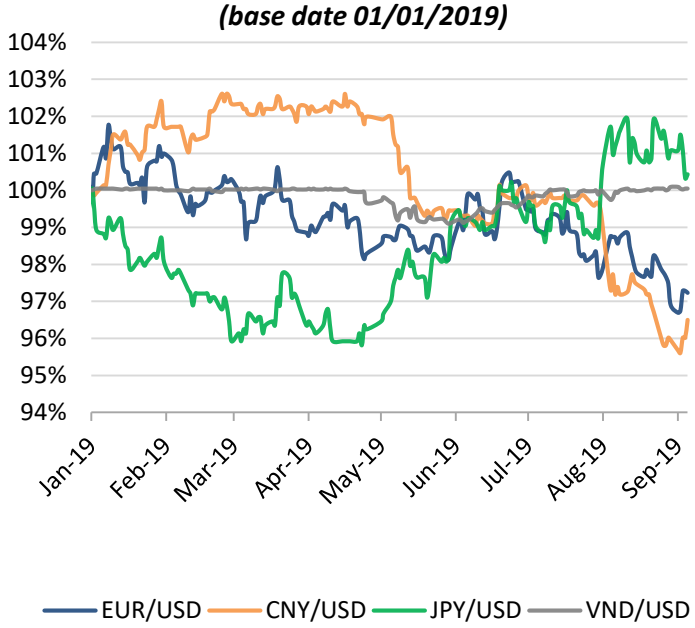
FX Market

USD/VND central exchange rate remained stable. CNY and EUR appreciated thanks to positive news.

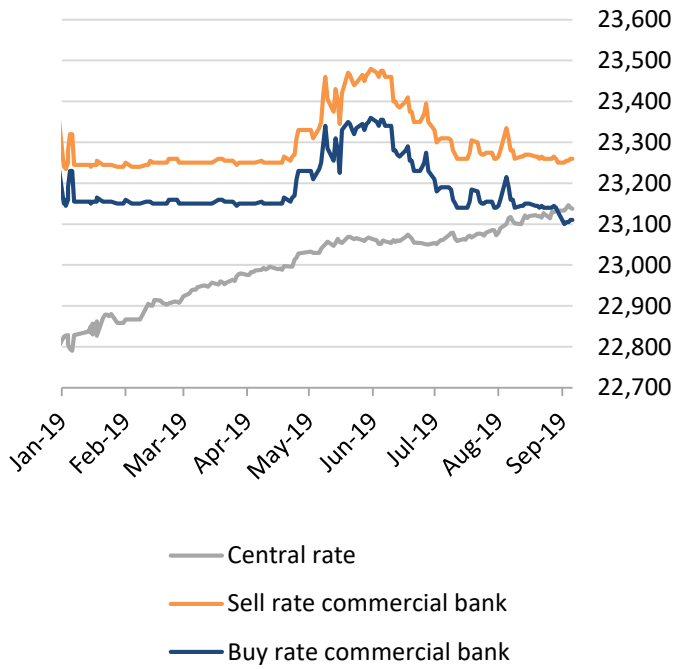
The central exchange rate maintained its upward trend and ended the week at 23,133 VND/USD. On the other hand, the commercial bank rate was stable most of the week until a mild increase to 23,125/23,275 VND/USD on Friday.

Promising prospect of the trade negotiation between the US and China, and ECB's new stimulus measures led to a rise in CNY/USD and EUR/USD, to 0.1412 and 1.1075, respectively. Meanwhile, reducing market risk relieved the increasing pressure on JPY. By the end of the week, JPY/USD had dropped by 1.1%, compared to the previous week.

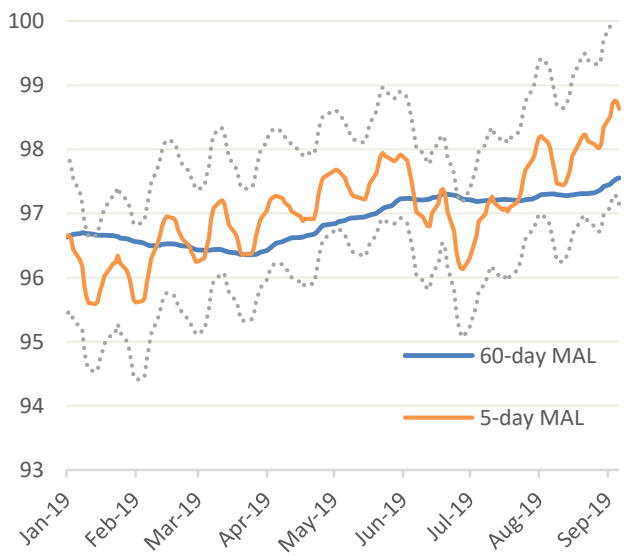
Exchange rate change (base date 01/01/2019)



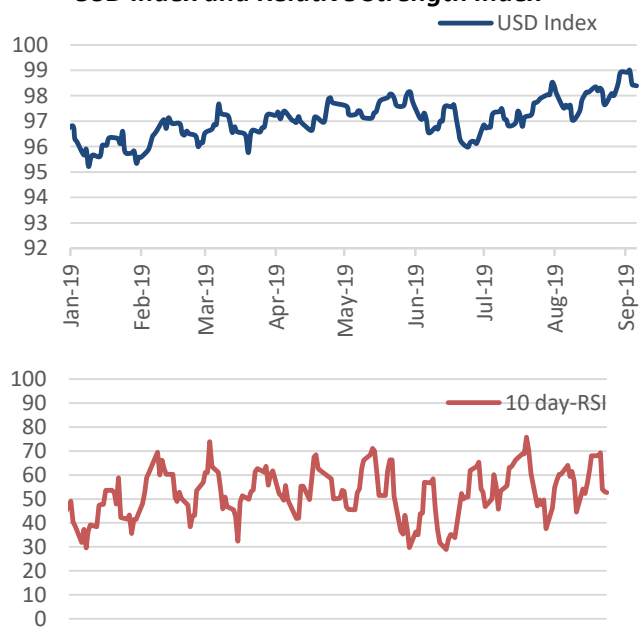
USD/VND exchange rates



USD Index Moving Average Lines



USD Index and Relative Strength Index



Primary Bond Market

State Treasury offered VND 3,000bn of bonds. The total issued volume reached VND 2,900bn.

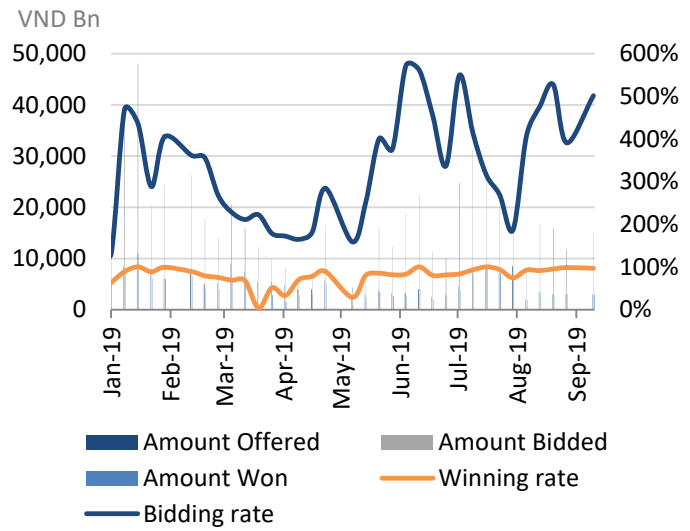
During the week, the State Treasury offered VND 3,000bn of 5y, 10y, 15y and 30y bonds. The total winning value reached VND 2,900bn. Thus, the overall winning rate was 96.7%. The bidding/offering volume ratio rose to 501.9%.

The winning interest rates were decreasing. In the last session, all tenors saw a drop of 14-16bps in winning yield.

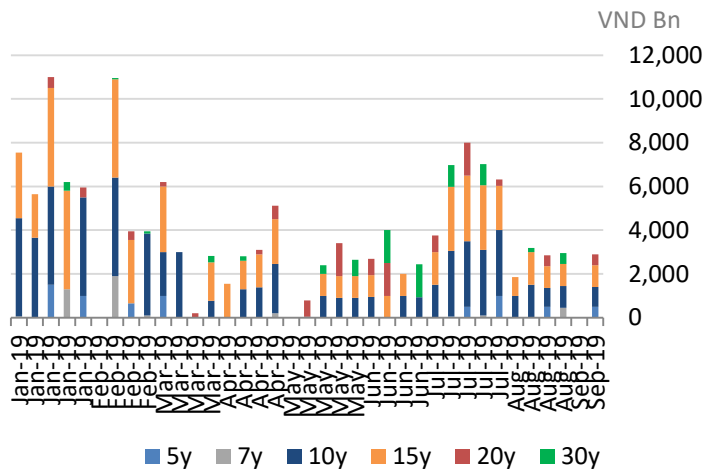
Bond auctions last week

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	TD1934191	State Treasury	15	11-Sep-19	1,000	5,200	1,000	4.32	4.5/4.2	-14
2	TD1924164	State Treasury	5	11-Sep-19	500	2,901	500	3.15	4/3.15	-15
3	TD1929175	State Treasury	10	11-Sep-19	1,000	4,960	900	4.04	4.2/3.95	-14
4	TD1929175	State Treasury	20	11-Sep-19	500	1,995	500	4.90	5.5/4.86	-16

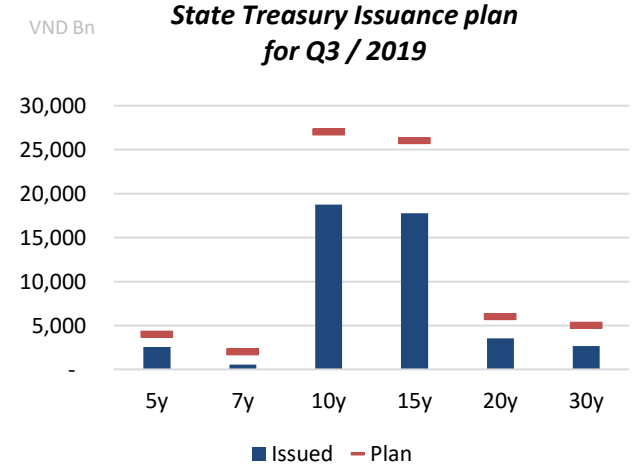
The winning ratio reached 96.7%



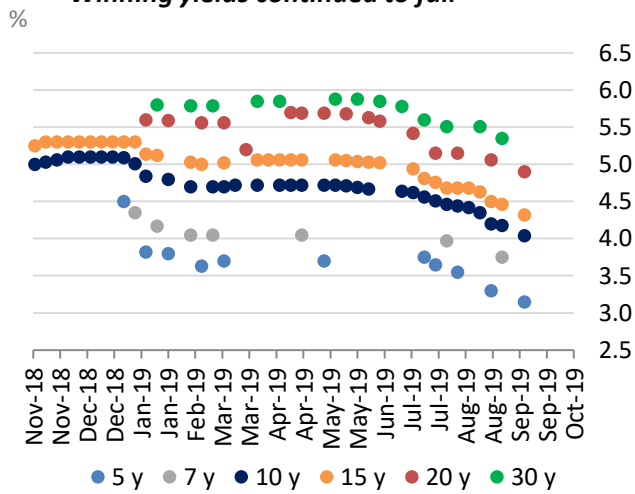
The total issued volume was VND 2,900bn



State Treasury Issuance plan for Q3 / 2019



Winning yields continued to fall



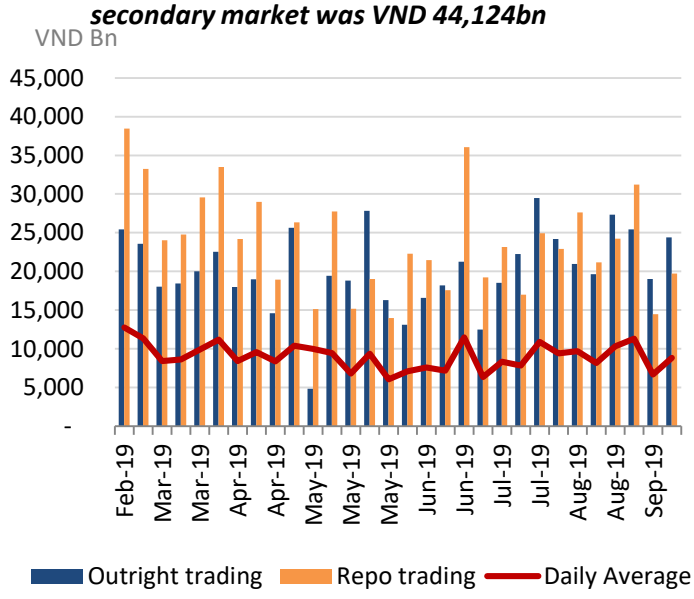
Secondary Bond Market

Total Outright and Repo transaction value increased by 31.65%, to VND 44,124bn.

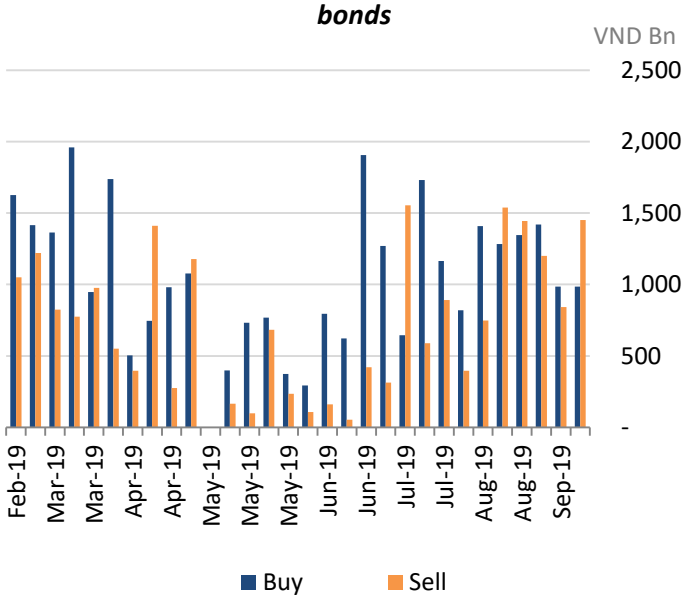
The liquidity on secondary market improved during the week. Total Outright and Repo transaction value stood at VND 44,124bn, 31.65% higher than the previous week. By the end of the week, total volume for Outright and Repo transaction stood at VND 24,383bn and VND 19,742bn, respectively. The daily average trading volume stood at VND 8,825bn.

The net selling volume of foreign investors was VND 466bn.

Weekly transaction volume on secondary market was VND 44,124bn

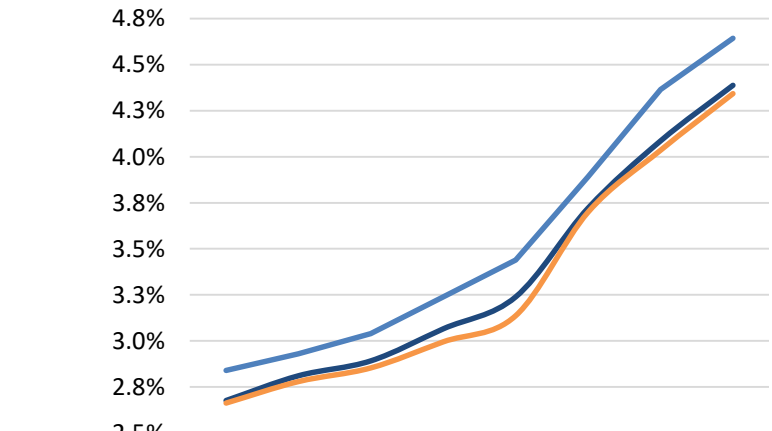


Foreign investors net sold VND 466bn of bonds



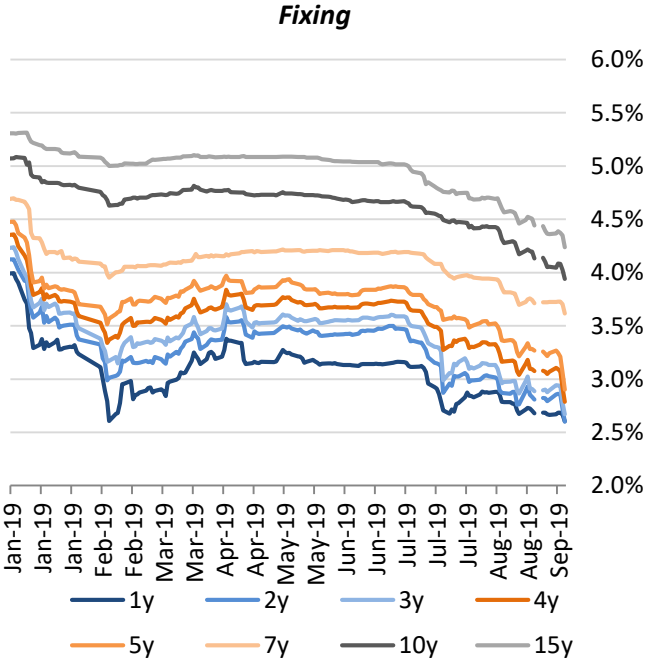
The weekly average VBMA Government Bond Yield did not experience any major change. The downward shift was more evident in long-term tenors.

Weekly average VBMA Government Bond Yield Fixing



	1y	2y	3y	4y	5y	7y	10y	15y
16-Aug-19	2.84%	2.93%	3.04%	3.24%	3.44%	3.89%	4.37%	4.64%
06-Sep-19	2.68%	2.81%	2.89%	3.07%	3.24%	3.72%	4.09%	4.39%
13-Sep-19	2.66%	2.78%	2.85%	3.00%	3.14%	3.70%	4.04%	4.34%

Daily VBMA Government Bond Yield Fixing



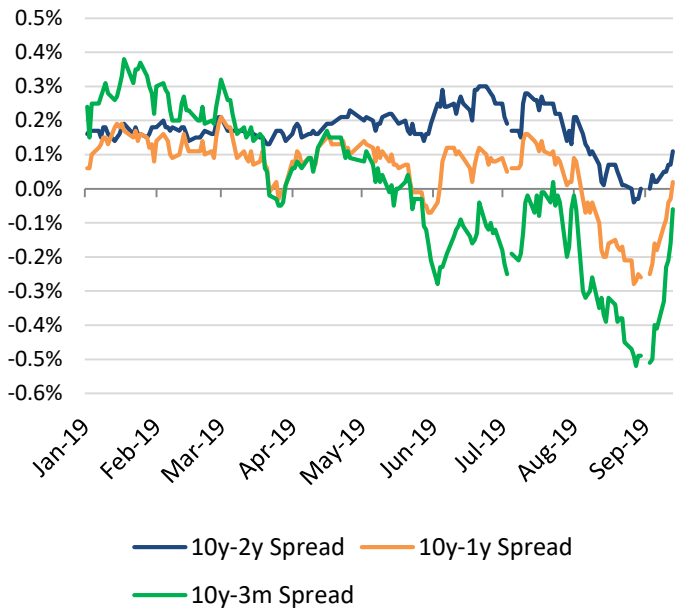
Global Market

The US long-term bond yield surged. ECB announced new stimulus measures to promote economic growth in EU.

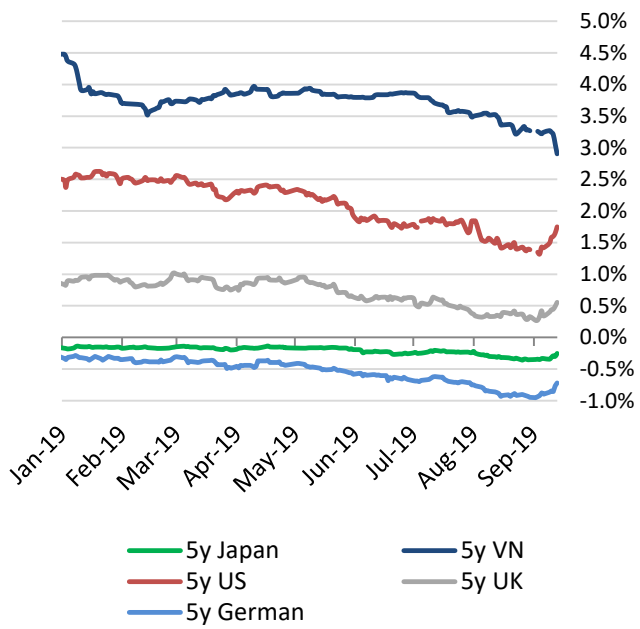
There was positive development on China-US trade negotiation. On Wednesday, Chinese officials revealed a list of U.S. products that would be exempt from new tariffs that were scheduled to take effect on September 17. President quickly responded by stating that the U.S. would postpone a 5% increase on USD $250 billion of imports from China from October 1 to October 15. This was followed by China's announcement that the state customs bureau would some US's agricultural products from further tariffs. In addition, the US retail sales was also reported to have risen by 0.4% in August. Thus, the promising news resulted in a sharp increase of the US long-term bond yield.

During the week, ECB also revealed its plan to cut deposit rate by 10bps, and relaunched its quantitative easing program with the value of EUR 20bn/month, beginning in November.

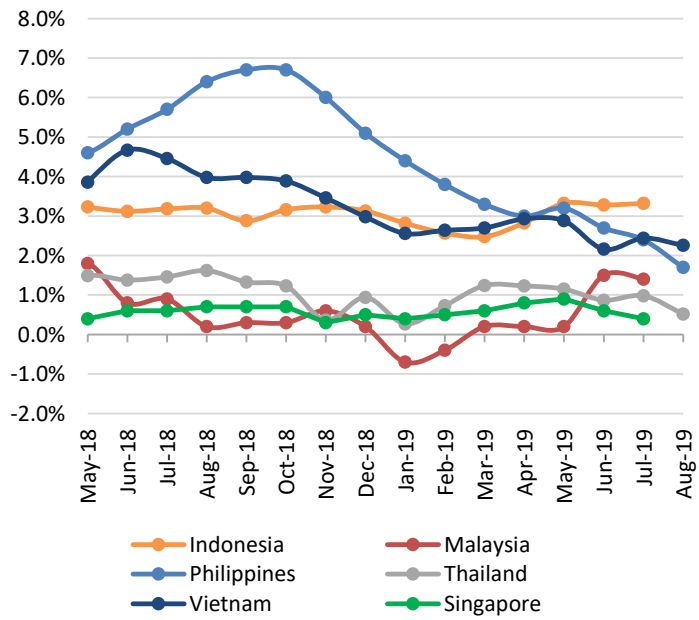
10y-3m, 10y-1y, 10y-2y US Treasury Spread



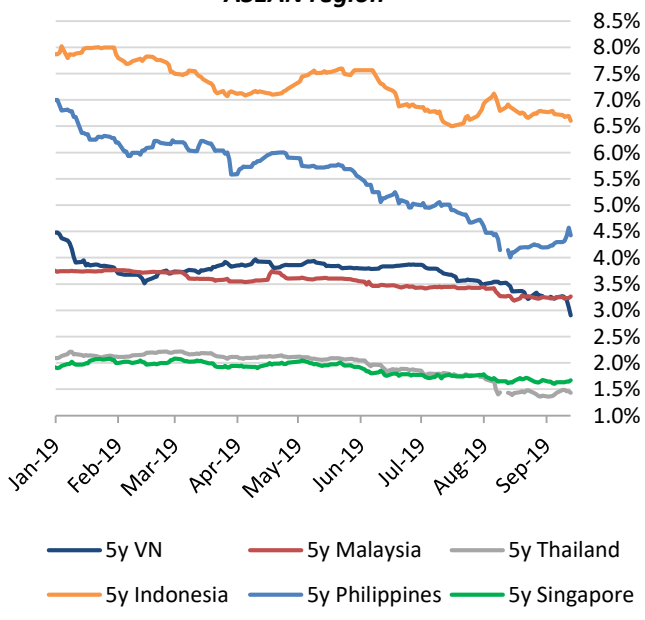
The 5-year Government Bond yields



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	26-09-19	STV	TD1949206	Initial	30	500
2	26-09-19	STV	TD1926171	Initial	7	500
3	26-09-19	STV	TD1929179	Additional	10	1,000
4	26-09-19	STV	TD1934190	Additional	15	1,000

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	2,031	20	19.33	4.8-5.5
2	State Treasury	TD1929178	1,463	10	9.37	4.1-4.7
3	State Treasury	TD1934190	1,342	15	14.70	4.3-5.1
4	State Treasury	TD1949205	1,023	30	29.35	5.2-5.8
5	State Treasury	TD1747431	1,019	30	27.74	5.4-5.7
6	State Treasury	TD1929175	1,000	10	9.29	4.0-4.2
7	State Treasury	TD1934189	946	15	14.35	4.3-4.4
8	State Treasury	TD1929177	905	10	9.64	4.0-4.2
9	Bank for Development	VDB110016	874	10	0.61	3.2-3.2
10	State Treasury	TD1934191	778	15	14.85	4.3-4.4

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

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