WEEKLY BOND MARKET REPORT

September 16th - 20th, 2019

- Short-term interbank interest rates hit their lows since 2019. The State Bank of Vietnam withdrawn VND 68,997.1bn from the market.
- USD/VND central exchange rate remained stable. JPY/USD recovered.
- in the first 8 months of 2019, there was VND 157,901bn of corporate bond issued.
- Total Outright and Repo transaction value slightly increased to VND 47,593bn.
- FED cut interest rate by an additional 0.25%. US government bond yields were under downward pressure due to geopolitical risk in the Middle East.

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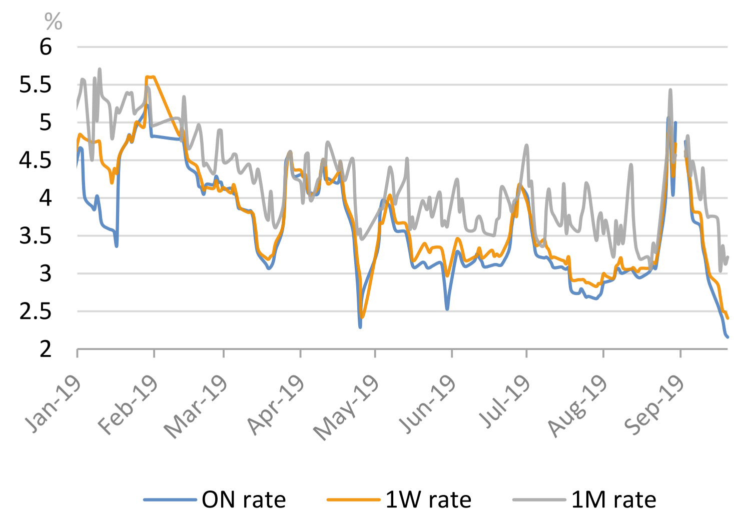
Money Market

Short-term interbank interest rates hit their lows since 2019. The State Bank of Vietnam withdrawn VND 68,997.1bn from the market.

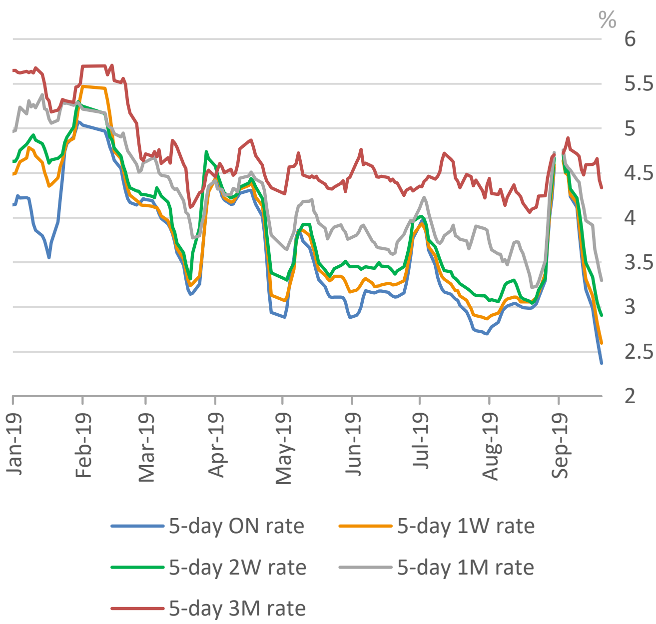
The short-term interbank interest rates sharply decreased to lowest figures since the beginning of 2019. In particular, the weekly average overnight and 1-week rates were down to 4.19%/y and 3.31%/y, respectively. Meanwhile, the 1-month rate also fell by 67bps, to 3.30%/y. The overnight tenor's volume was VND 201,757bn, accounting for 70.3% of the total volume of the week.

During the week, the SBV issued VND 68,887bn of 7-day T-bill while there was no new OMO repurchase. The 7-day T-bill rate also reduced from 2.75%/y to 2.50%/y. Thus, VND 68,887bn was withdrawn from the money market.

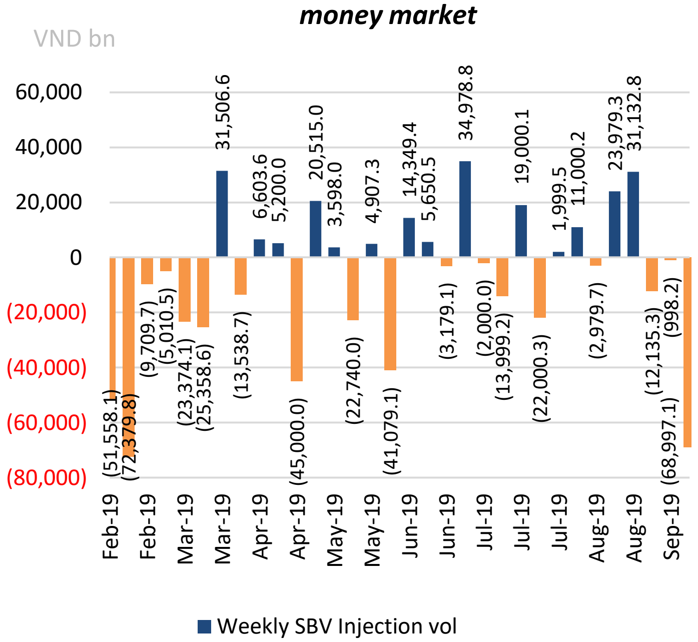
Daily interbank interest rates



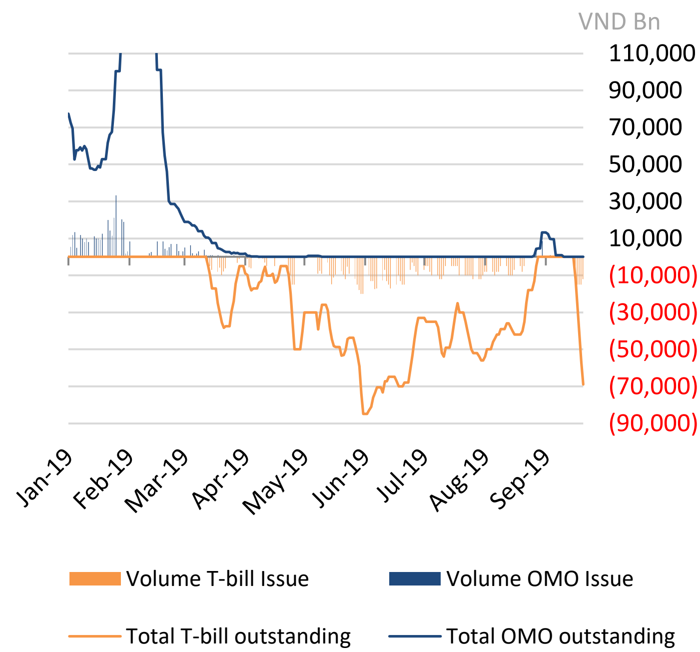
Weekly average interbank interest rates



VND 68,997.1bn was withdrawn from the money market



VND 68,887.1bn of 7-day T-bill was issued

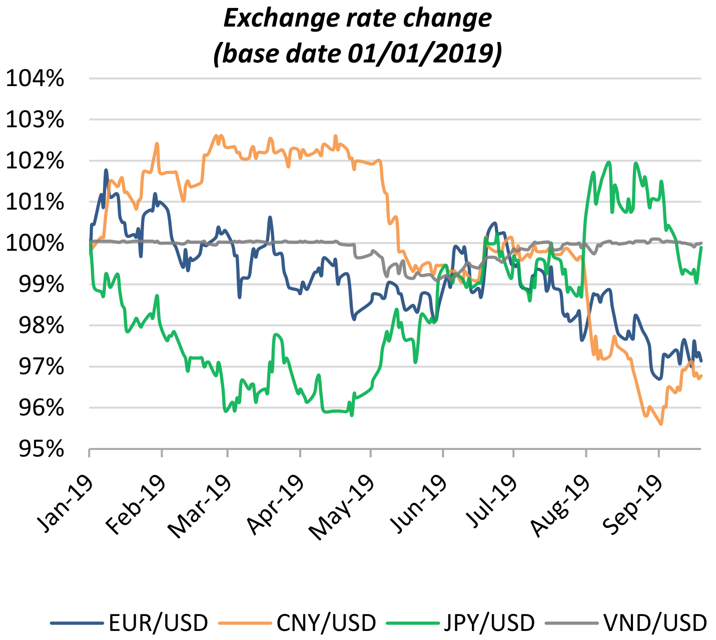


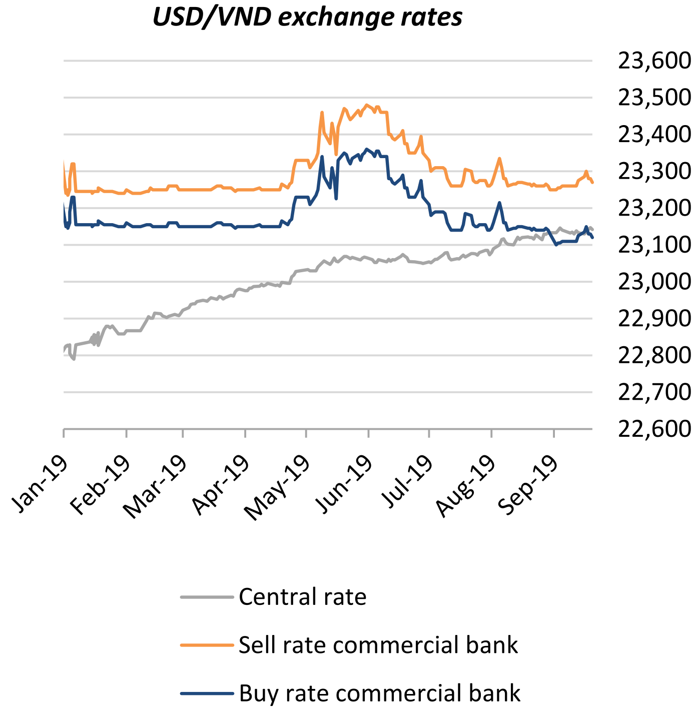
FX Market

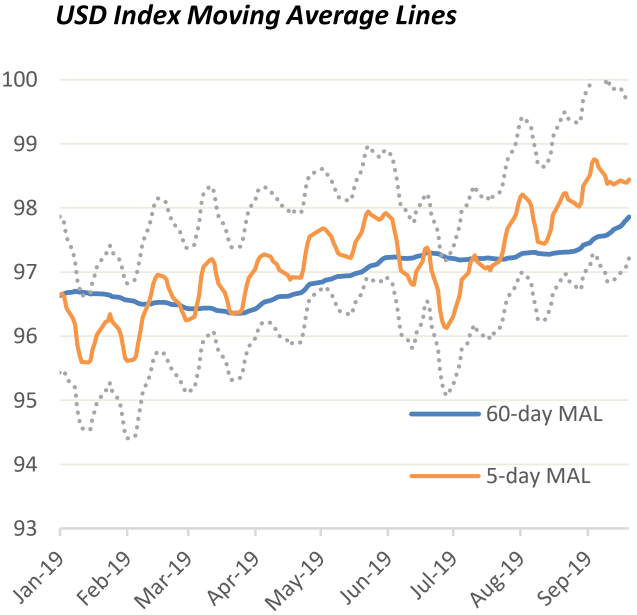
USD/VND central exchange rate remained stable. JPY/USD recovered.

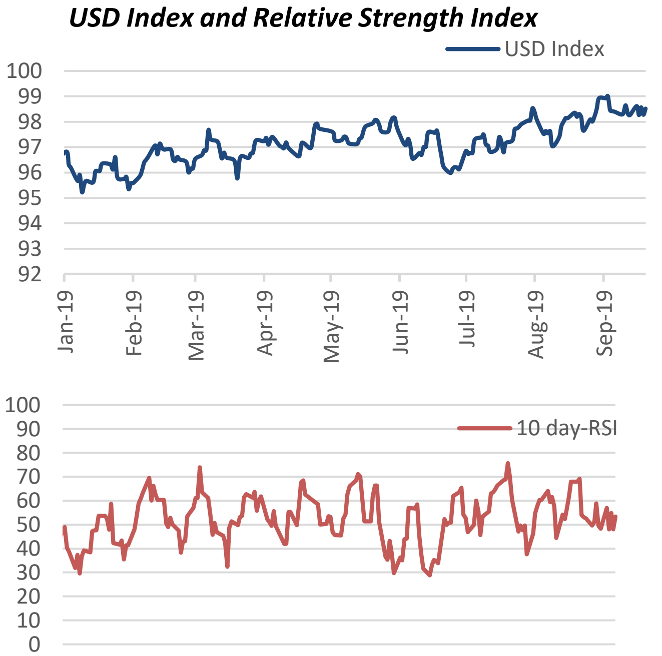
The central exchange rate remained stable and slightly rose 23,142 VND/USD. On the other hand, the commercial bank rate spiked up to 23,150/23,300 VND/USD on Tuesday, and gradually dropped to 23,120/23,270 at the end of the week.

Despite various significant events in the week, especially the FED's September meeting, these news was widely expected and did not cause any major fluctuation on global FX market. The most noticeable trend was that the JPY was recovering to 0.0093 JPY/USD, after the previous week's sharp decline.







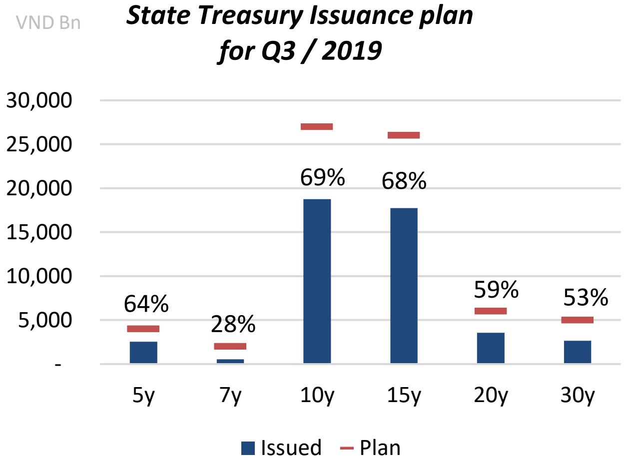


Primary Bond Market

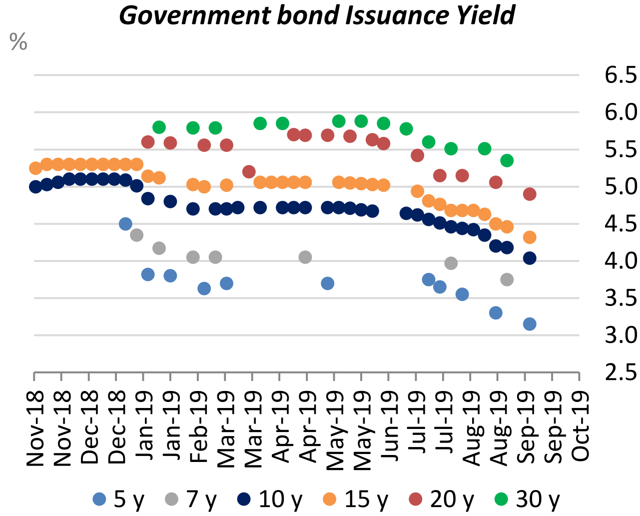
in the first 8 months of 2019, there was VND 157,901bn of corporate bond issued.

The State Treasury did not offer new Government bond during the week. The public imbursement value in the first 8 months of 2019 was only VND 161,000bn, 37.9% and 41.4% of the target set by the Congress and the Government. Therefore, the demand for public funding was decreasing.

State Treasury Issuance plan for Q3 / 2019



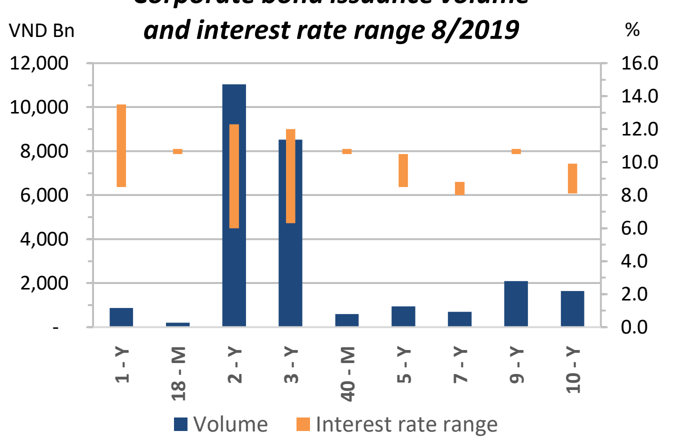
Government bond Issuance Yield



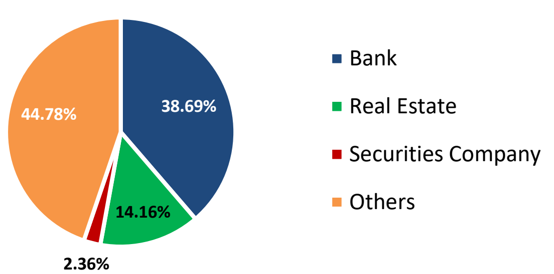
According to HNX, in August, 2019, there were 33 corporate bond issuers. The total issued value was VND 26,629bn. Thus, in the first 8 months of 2019, there was VND 157,901bn of corporate bond issued.

Corporate bond issuance		
	Aug-2019	Culmulative 8M/2019
Registered issuance	80	534
Registered value (VND bn)	32,038	239,226
Issuance	60	394
Issuance value (VND bn)	26,629	157,901
Average issuance tenor (year)	3.6	4.49
Issuer	33	136

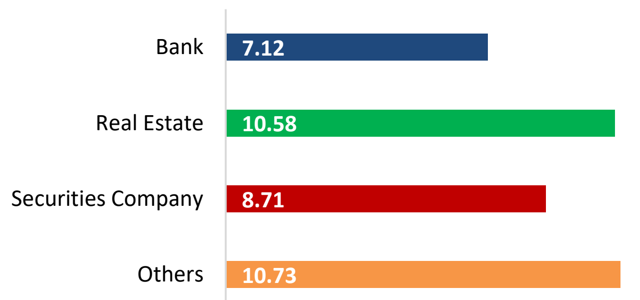
Corporate bond issuance volume and interest rate range 8/2019



Corporate bond issuance volume 8/2019



Average issuance interest rate (%/y)



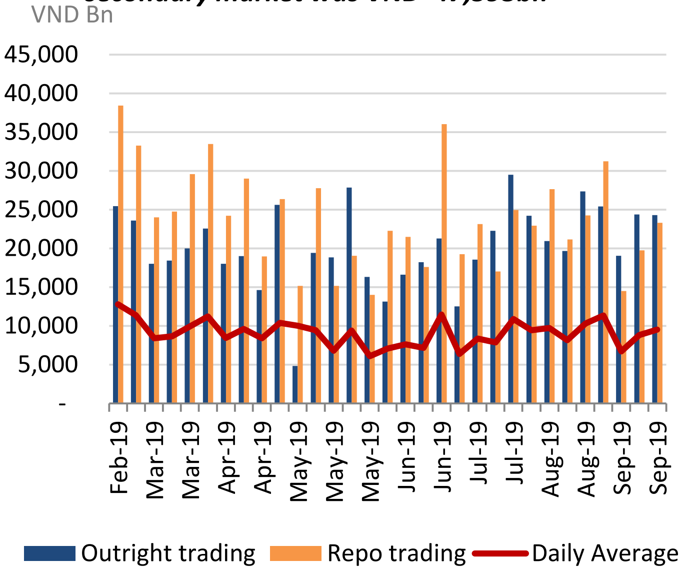
Secondary Bond Market

Total Outright and Repo transaction value slightly increased to VND 47,593bn.

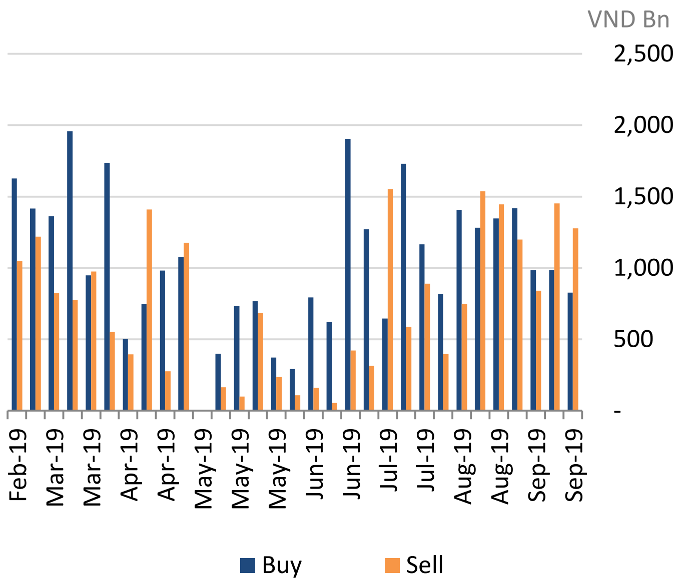
Total Outright and Repo transaction value recorded at VND 47,593bn, nearly 8% higher than the previous week. By the end of the week, total volume for Outright and Repo transaction stood at VND 24,281bn and VND 23,312bn, respectively. The daily average trading volume stood at VND 9,519bn.

The net selling volume of foreign investors was VND 446bn.

Weekly transaction volume on secondary market was VND 47,593bn

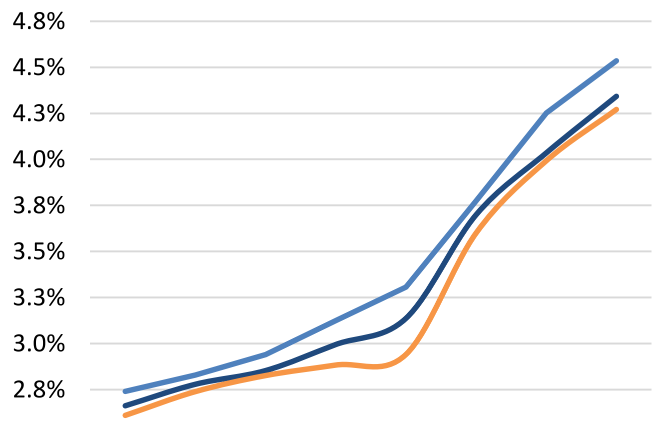


Foreign investors net sold 449bn of bonds



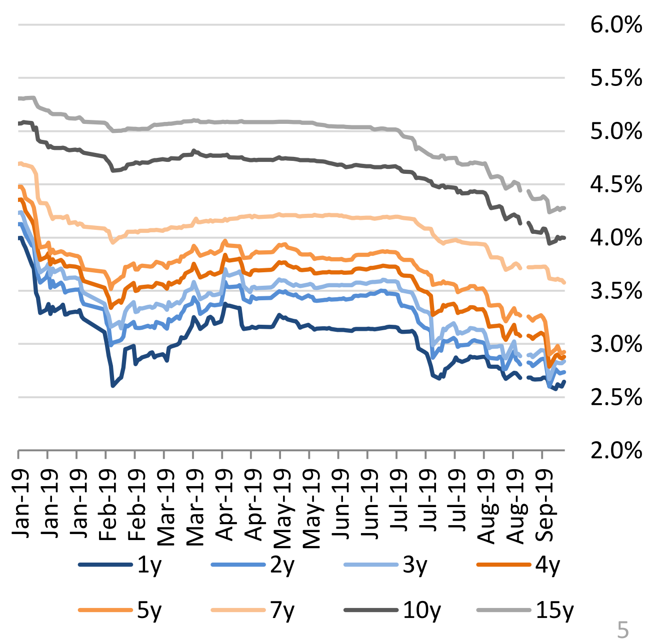
The weekly average VBMA Government Bond Yield fell across all tenors. In particular, the 5-year yield experienced the greatest drop of 19.7bps, to 2.94%/y.

Weekly average VBMA Government Bond Yield Fixing



	1y	2y	3y	4y	5y	7y	10y	15y
23-Aug-19	2.74%	2.83%	2.94%	3.12%	3.31%	3.77%	4.25%	4.54%
13-Sep-19	2.66%	2.78%	2.85%	3.00%	3.14%	3.70%	4.04%	4.34%
20-Sep-19	2.61%	2.74%	2.83%	2.88%	2.94%	3.60%	3.99%	4.27%

Daily VBMA Government Bond Yield Fixing



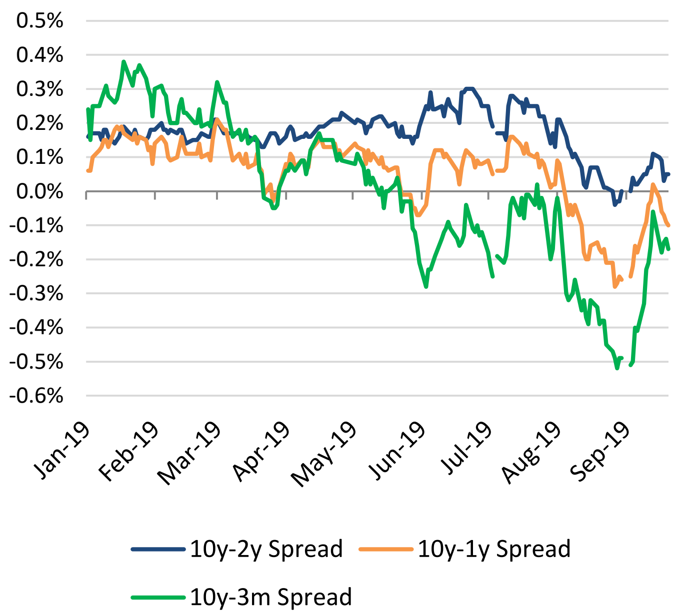
Global Market

FED cut interest rate by an additional 0.25%. US government bond yields were under downward pressure due to geopolitical risk in the Middle East.

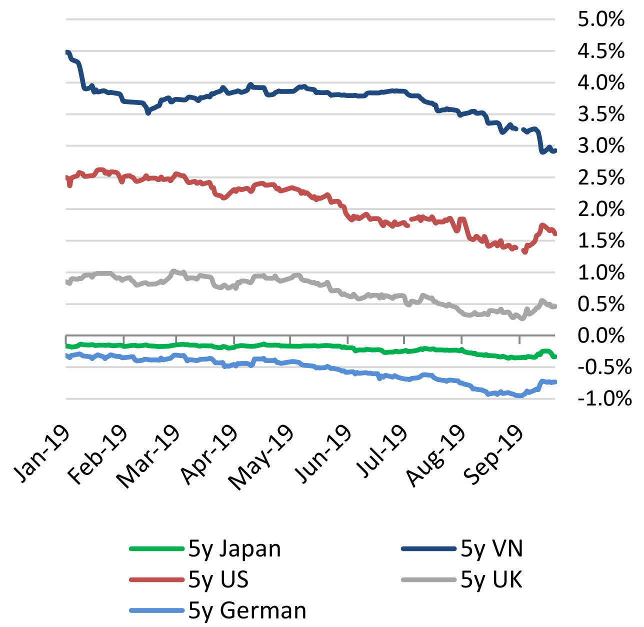
On Wednesday (18/09), FED announce an addition interest rate cut of 0.25%. The decision was widely anticipated as recent US economic data was mostly under expectation. Meanwhile, both UK and Japan retained their current rates, but also signaled a possibility of future expansionary monetary measures.

The attack on major oil facilities in Saudi Arabia caused a sharp rise in the price of WTI crude on Monday (16/09). Although oil prices moderated midweek, geopolitical risk convinced investors to move into safe-haven assets like Treasuries. As a result, the US Treasury yields fell again after the sharp gain in the previous week.

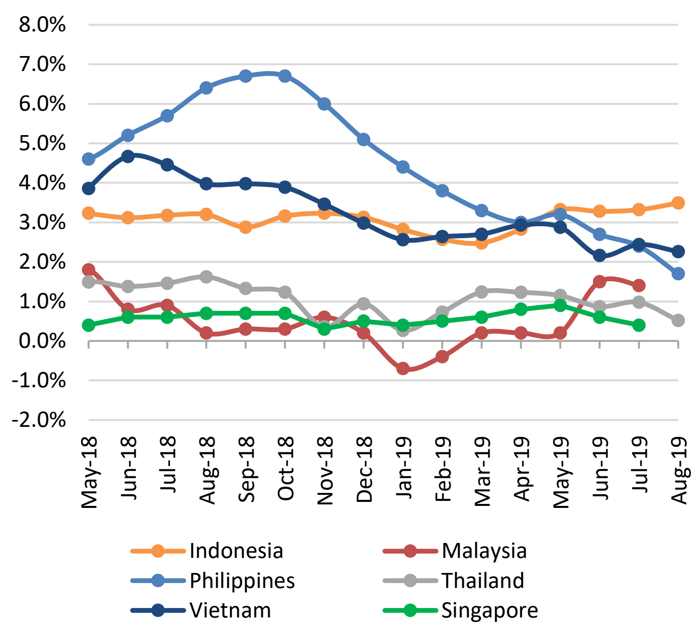
10y-3m, 10y-1y, 10y-2y US Treasury Spread



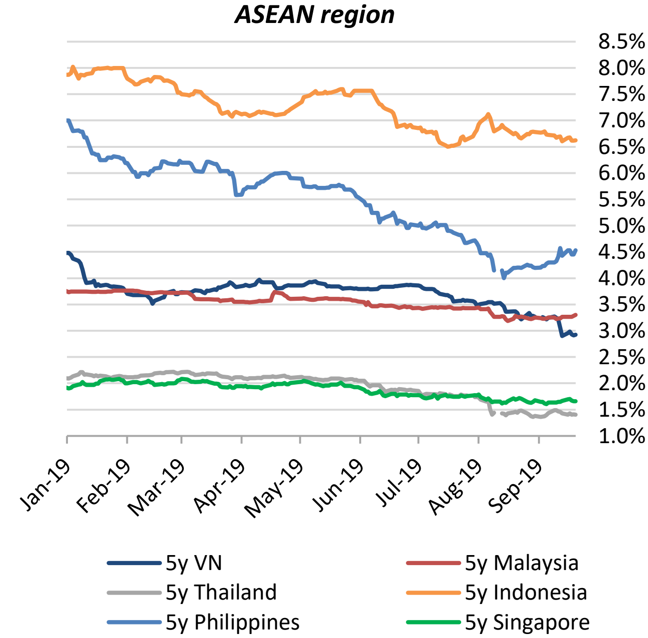
The 5-year Government Bond yields



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	TD1724417	1,768	7	4.78	2.9-3.3
2	State Treasury	TD1929175	1,481	10	9.27	3.9-4.6
3	State Treasury	TD1939200	1,452	20	19.31	4.7-5.5
4	State Treasury	TD1929178	1,090	10	9.35	3.9-4.6
5	State Treasury	TD1929179	1,041	10	9.83	3.9-4.0
6	State Treasury	TD1934191	1,037	15	14.83	4.2-4.6
7	State Treasury	TD1520262	830	5	0.47	2.8-3.5
8	State Treasury	TD1424092	766	10	4.68	2.9-3.3
9	State Treasury	TD1949205	695	30	29.33	5.5-5.8
10	State Treasury	TD1747431	656	30	27.72	5.2-5.4

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

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