WEEKLY BOND MARKET REPORT

September 23rd - 27th, 2019

- Short-term interbank interest rates' downward trend persisted. The State Bank of Vietnam issued VND 68,996.4bn of 7-day T-bill.
- USD/VND central exchange rate remained stable thanks to healthy trade balance.
- The State Treasury offered VND 3,250bn of bond. The winning rate stood at 93.8%.
- Total Outright and Repo transaction value slightly increased by 9.96%, recorded at VND 52,334bn.
- Positive development of US-China trade negotiation raised US government bond yields. British Pound fell under pressure of calls for interest rate cuts.

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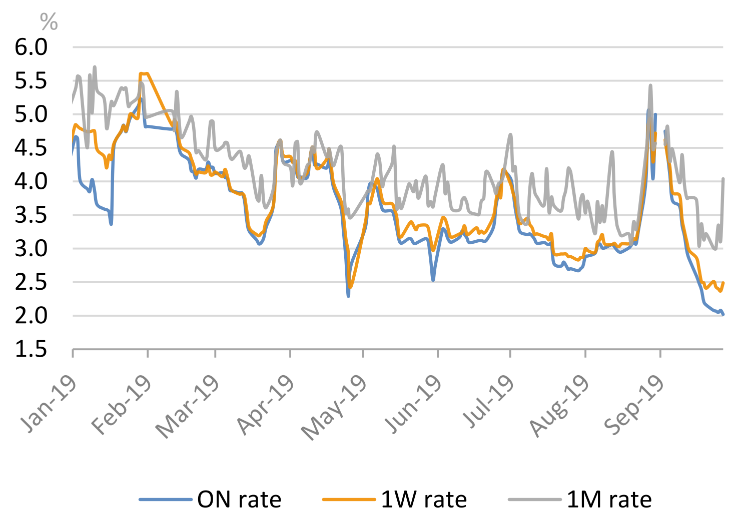
Money Market

Short-term interbank interest rates' downward trend persisted. The State Bank of Vietnam issued VND 68,996.4bn of 7-day T-bill.

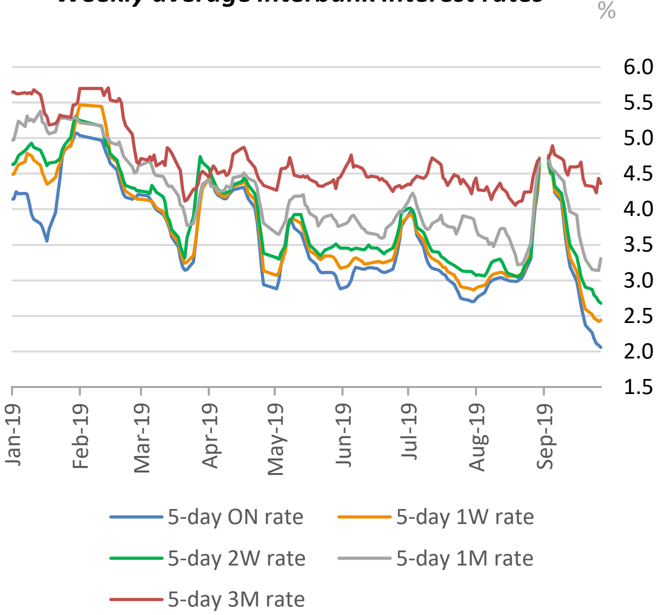
The short-term interbank interest rates were still in downward trend, although the decreasing rate was slowed down. In particular, the weekly average overnight and 1-week rates declined by 31bps and 15bps, to 4.19%/y and 3.31%/y, respectively. Meanwhile, the 1-month rate remained at 3.30%/y. The overnight tenor's volume was VND 174,043bn, accounting for 63.5% of the total volume of the week.

During the week, the SBV issued VND 68,996.4bn of 7-day T-bill, while VND 68,997.1bn worth of the securities matured. Thus, VND 700mn was injected into the money market.

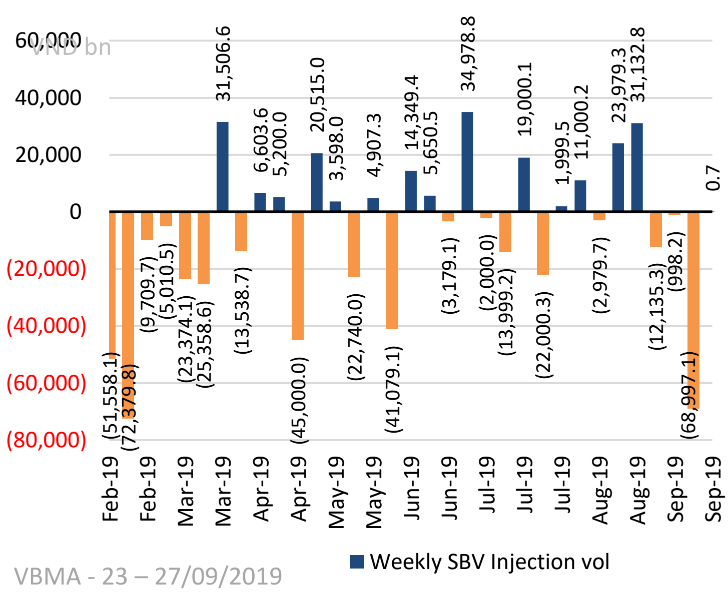
Daily interbank interest rates



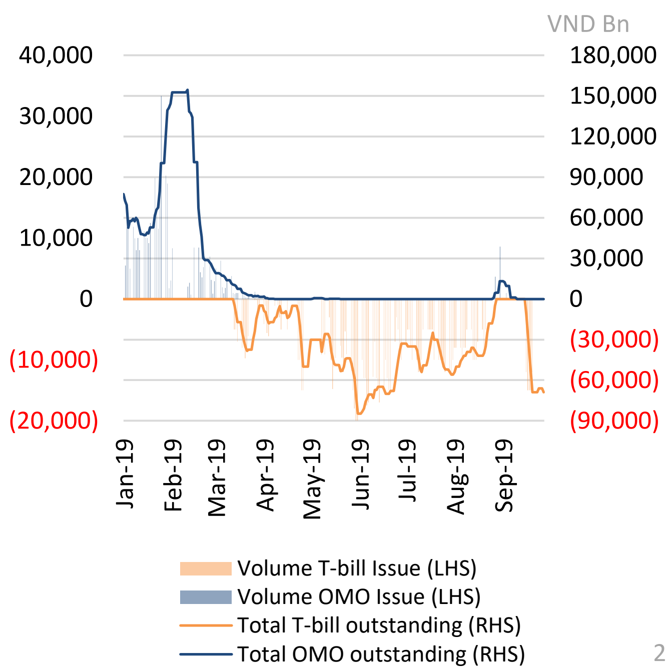
Weekly average interbank interest rates



VND 700mn was injected into the money market



VND 68,997.1bn of 7-day T-bill was issued



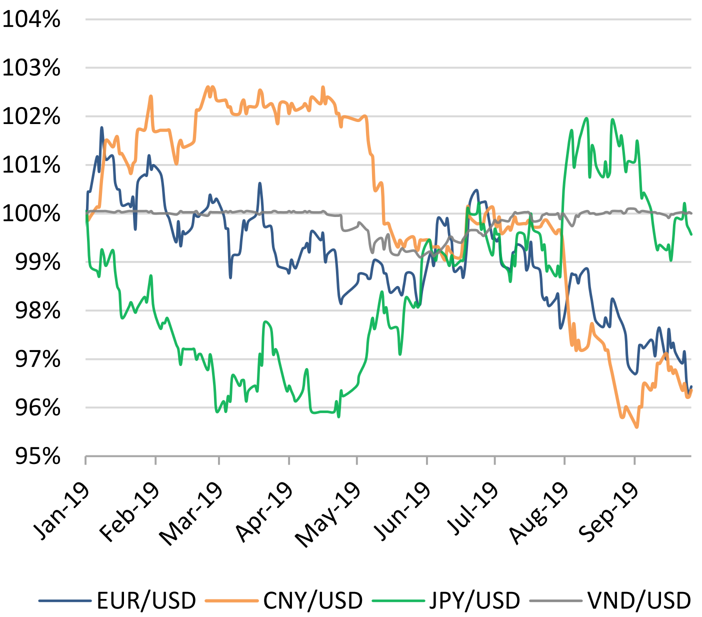
FX Market

USD/VND central exchange rate remained stable thanks to healthy trade balance.

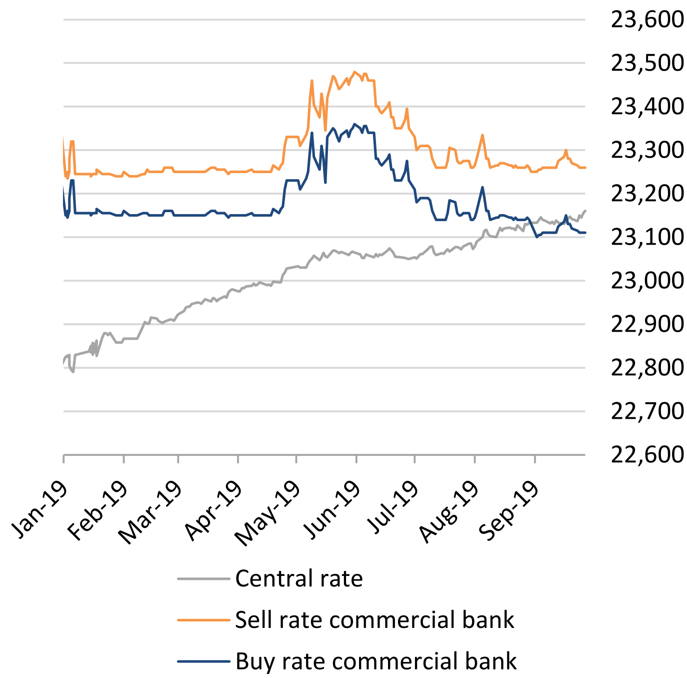
The SBV continued to adjust the central exchange rate upward to 23,160 VND/USD, which was 1.47% higher than the figure in the beginning of 2019. On the other hand, the commercial bank rate was moderated at 23,140/23,260 VND/USD at the end of the week thanks to healthy trade balance. In nine months of 2019, the trade surplus was estimated to reach USD 5.9bn.

For global market, during the week, as the USD index slightly rose by 0.61%, EUR, CNY and JPY all depreciated against USD by 0.72%, 0.43% and 0.32%, respectively.

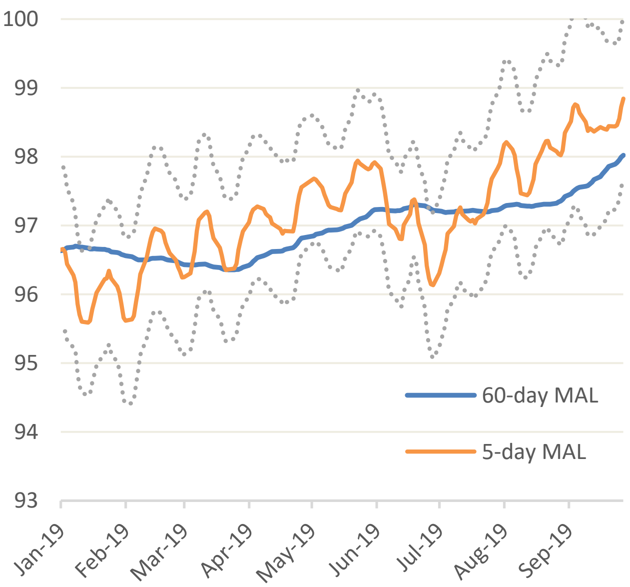
Exchange rate change (base date 01/01/2019)



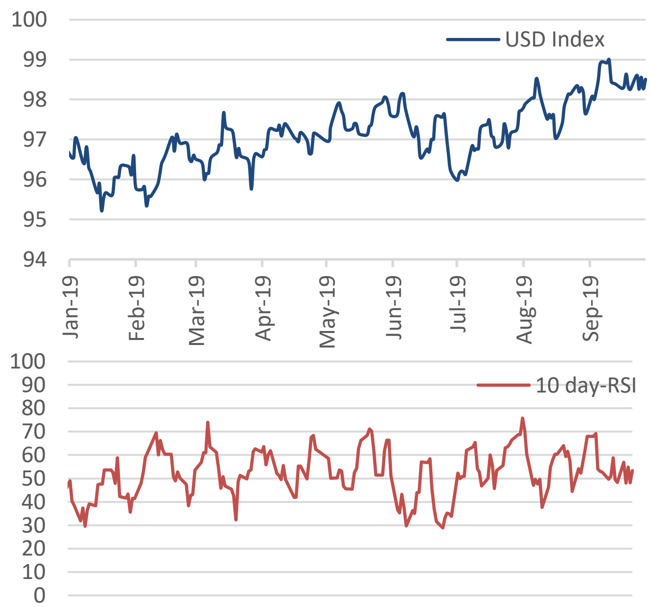
USD/VND exchange rates



USD Index Moving Average Lines



USD Index and Relative Strength Index



Primary Bond Market

The State Treasury offered VND 3,250bn of bond. The winning rate stood at 93.8%.

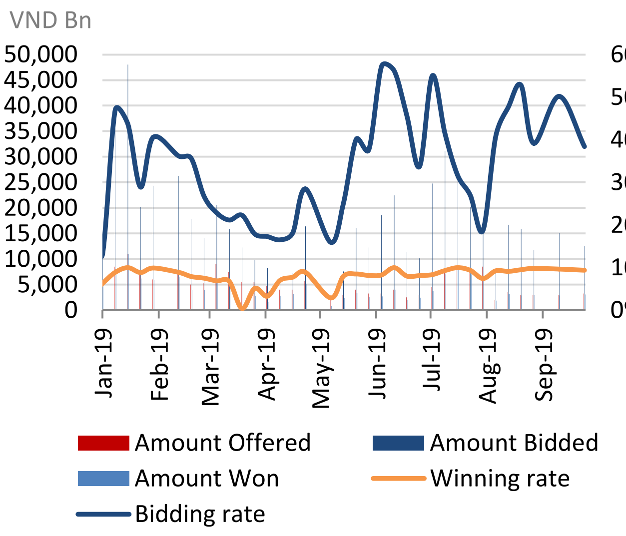
During the week, the State Treasury offered VND 3,250bn of 7y, 10y, 15y and 30y bonds. While the issued volume of 30y-bond was VND 550bn out of VND 750bn offered, all other auctioned bonds were issued. Thus, the overall winning rate was 93.8%. The bidding/offering volume ratio stood at 384%.

The winning yields continued to decline. For instance, the 7-year yield dropped by 21bps, recorded at 3.54%/y.

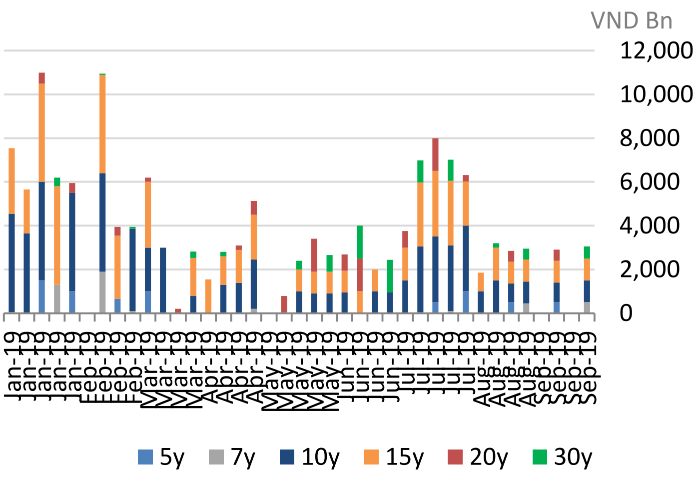
Bond auctions last week

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	TD1934190	State Treasury	15	25-Sep-19	1,000	4,350	1,000	4.24	4.6/4.24	-8
2	TD1926171	State Treasury	7	25-Sep-19	500	1,960	500	3.54	4.2/3.45	-21
3	TD1929175	State Treasury	30	25-Sep-19	750	1,570	550	5.23	5.8/5	-12
4	TD1929175	State Treasury	10	25-Sep-19	1,000	4,600	1,000	3.97	4.3/3.96	-7

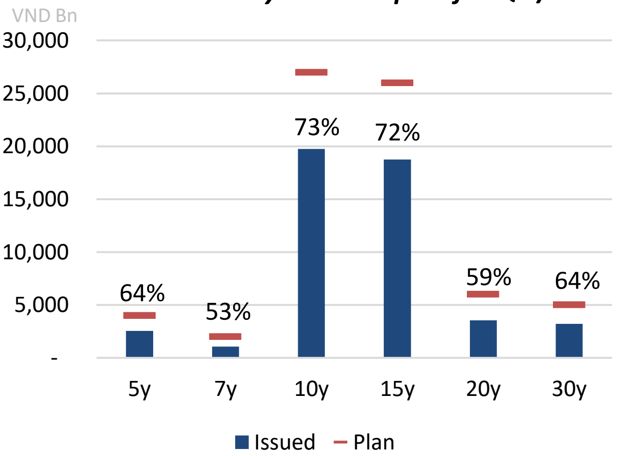
Winning rate stood at 93.8%



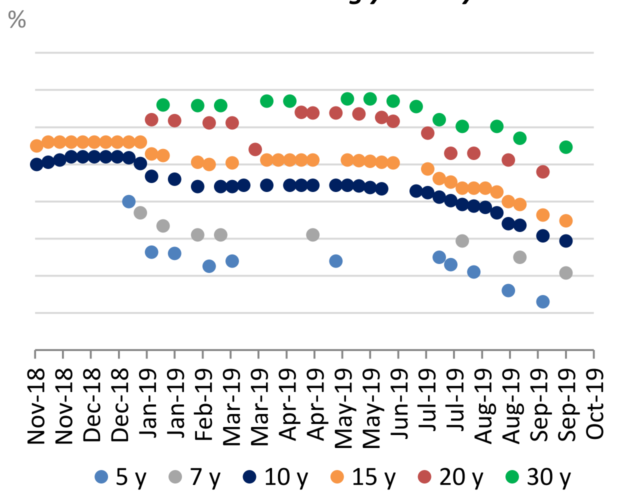
VND 3.050bn of bonds was issued



State Treasury Issuance plan for Q3 / 2019



Bond auction winning yields by tenors



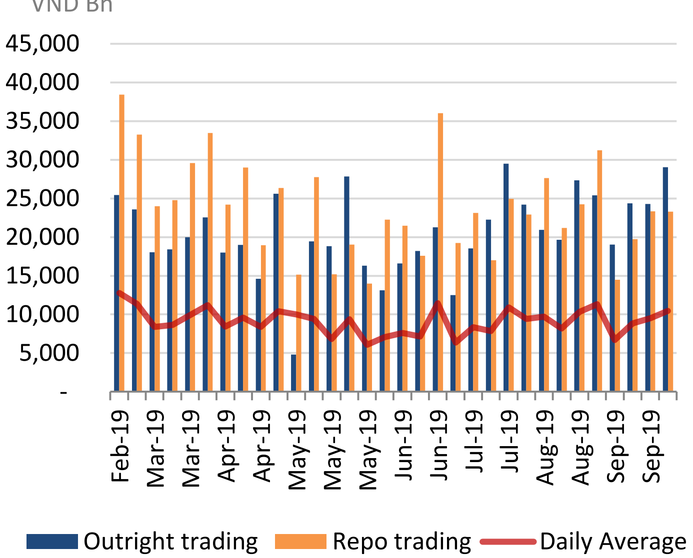
Secondary Bond Market

Total Outright and Repo transaction value slightly increased by 9.96%, recorded at VND 52,334bn.

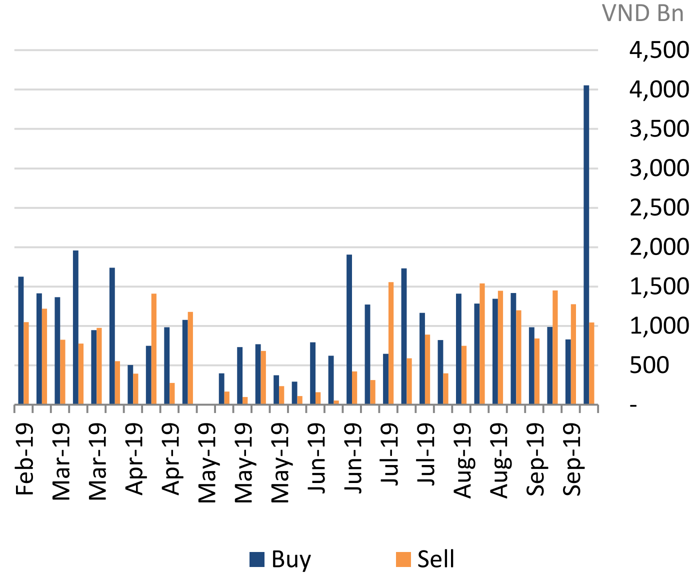
Total Outright and Repo transaction value recorded at VND 52,334bn, 9.96% higher than the previous week. By the end of the week, total volume for Outright and Repo transaction stood at VND 29,042bn and VND 23,292bn, respectively. The daily average trading volume stood at VND 10,467bn.

After two consecutive weeks of net selling, foreign investors increased purchase volume dramatically to VND 4,054bn. Thus, the net purchase value of foreign investors recorded at VND 3,001bn, highest figure since 2013.

Weekly transaction volume on secondary market was VND 52,334bn

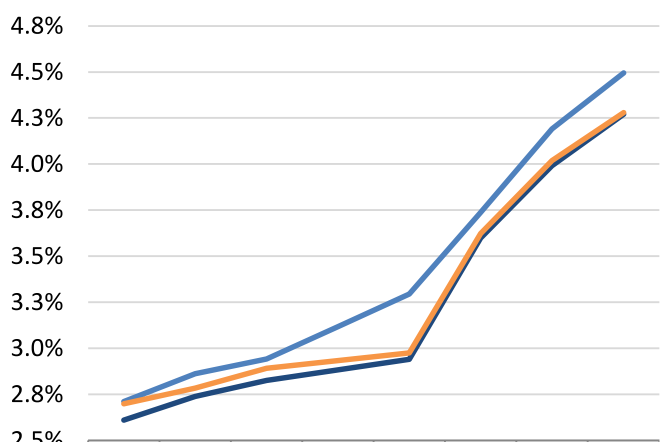


Foreign investors net purchased VND 3,001bn



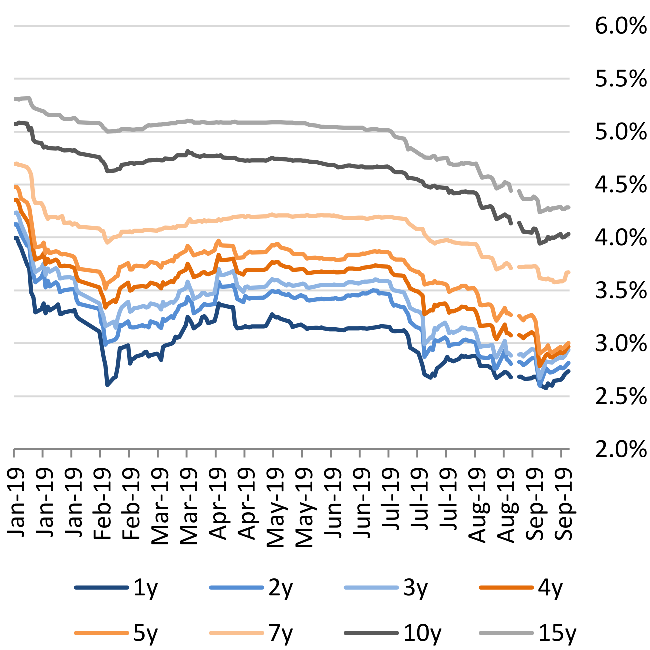
The weekly average VBMA Government Bond Yields rose after several weeks of falling. The recovery was more apparent in short-term tenors.

Weekly average VBMA Government Bond Yield Fixing



	1y	2y	3y	4y	5y	7y	10y	15y
30-Aug-19	2.71%	2.86%	2.94%	3.12%	3.29%	3.74%	4.19%	4.50%
20-Sep-19	2.61%	2.74%	2.83%	2.88%	2.94%	3.60%	3.99%	4.27%
27-Sep-19	2.70%	2.78%	2.89%	2.93%	2.97%	3.62%	4.02%	4.28%

Daily VBMA Government Bond Yield Fixing



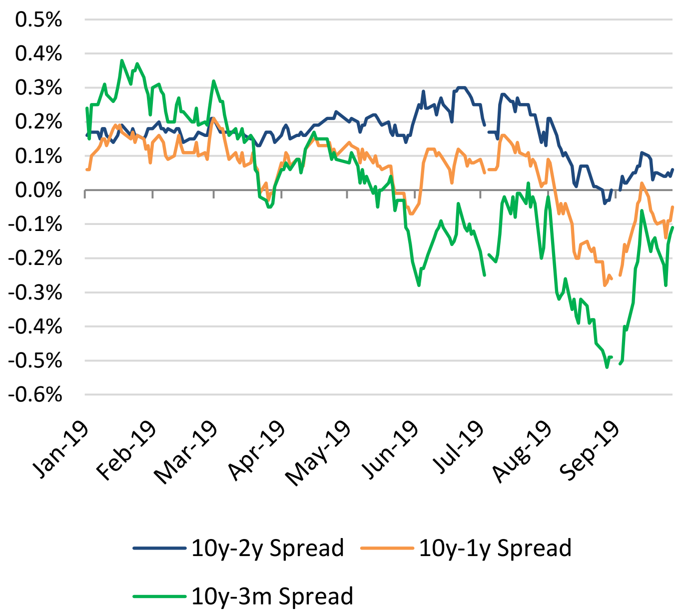
Global Market

Positive development of US-China trade negotiation raised US government bond yields. British Pound fell under pressure of calls for interest rate cuts.

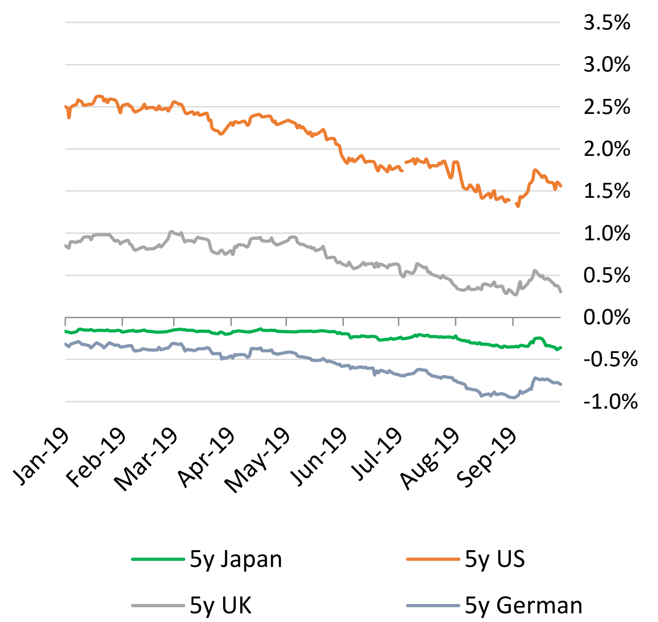
News on an impeachment inquiry targeting President Trump caused vacillation on the market. US government bond yields underwent sharp decline in the beginning of the week. However, positive comments from both parties of the US-China trade negotiation lightened up investors' sentiment and raised US bond yields during the remaining days of the week.

The Bank of England (BoE) was considering lowering rates even if a Brexit deal is reached. BOE's Michael Saunders stated that uncertainty, which would act as a brake on the UK economy, is likely to persist even if a no-deal Brexit is avoided. After the announcement, the British Pound came under pressure, falling 1.4% against the U.S. Dollar.

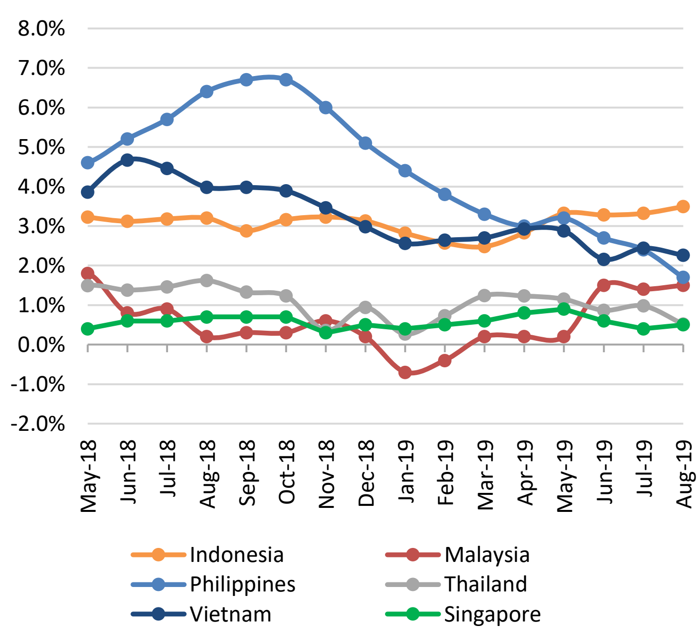
10y-3m, 10y-1y, 10y-2y US Treasury Spread



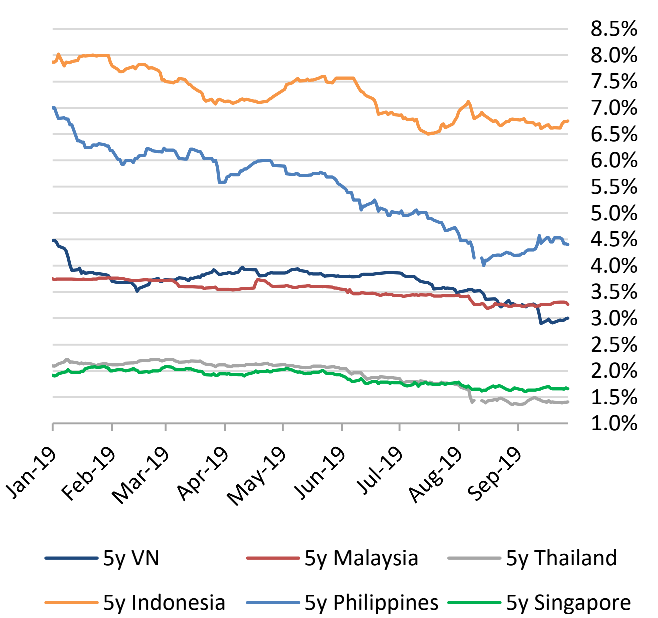
The 5-year Government Bond yields



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	03-10-19	STV	TD1924164	Additional	5	500
2	03-10-19	STV	TD1939201	Additional	20	500
3	03-10-19	STV	TD1929180	Initial	10	1,500
4	03-10-19	STV	TD1934191	Additional	15	1,500

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	1,674	20	19.30	4.8-5.5
2	State Treasury	TD1929178	1,407	10	9.33	4.0-4.4
3	State Treasury	TD1929175	1,369	10	9.26	4.0-4.6
4	State Treasury	TD1429095	1,042	15	10.04	4.0-4.3
5	State Treasury	TD1724417	994	7	4.76	2.9-3.3
6	State Treasury	TD1934190	914	15	14.66	4.3-4.6
7	State Treasury	TD1934189	890	15	14.32	4.3-4.6
8	State Treasury	TD1949205	870	30	29.32	5.2-5.8
9	State Treasury	TD1934191	756	15	14.81	4.3-4.6
10	State Treasury	TD1722382	692	5	2.74	2.8-2.9

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

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