WEEKLY BOND MARKET REPORT

September 30th – October 04th, 2019

- Short-term interbank interest rates were relatively stable. The State Bank of Vietnam issued VND 86,996.7bn of 7-day T-bill.
- USD/VND central exchange rate remained stable. USD index fell due to gloomy macroeconomics indicators.
- The State Treasury offered VND 4,000bn of bond. The winning rate reached 100%
- Total Outright and Repo transaction value slightly declined by 21.81%, down to VND 40,922bn.
- WTO allowed additional tax on USD 7.5bn of EU exports. US Treasury yields decreased.

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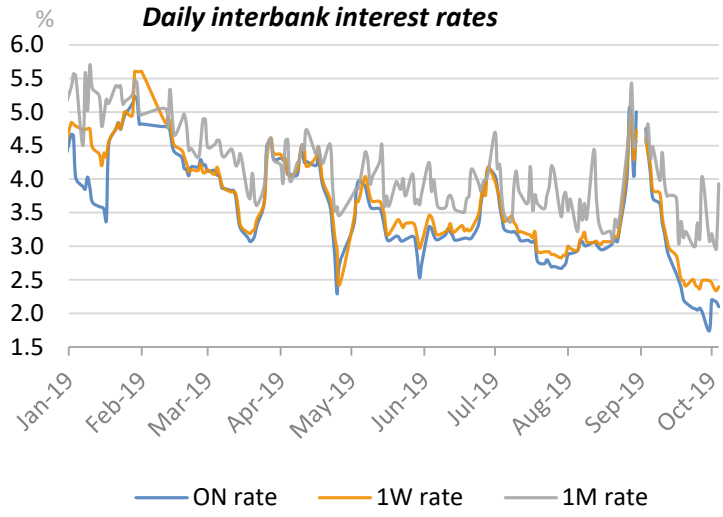
Money Market

Short-term interbank interest rates were relatively stable. The State Bank of Vietnam issued VND 86,996.7bn of 7-day T-bill.

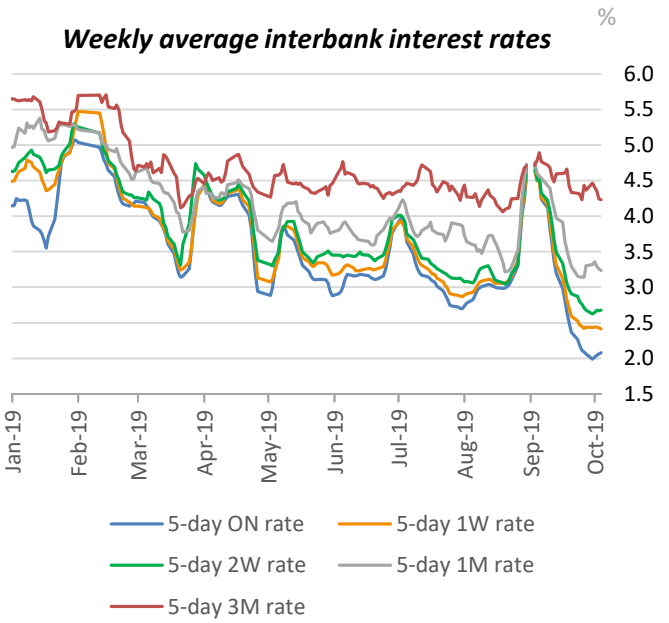
The short-term interbank interest rates became more stable as the weekly average overnight rate climbed 2bps, to 2.08%/y. Meanwhile, the 1-week and 1-month rates slightly dropped to 2.41%/y and 3.34%/y, respectively. The overnight tenor's volume was VND 183,411bn, accounting for 72.2% of the total volume of the week.

During the week, the SBV issued VND 86,996.7bn of 7-day T-bill, while VND 68,996.4bn worth of the securities matured.

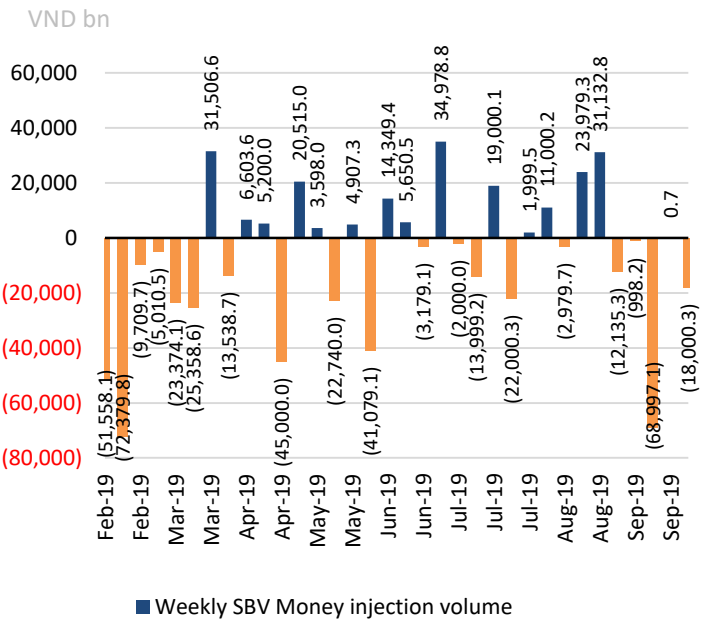
Daily interbank interest rates



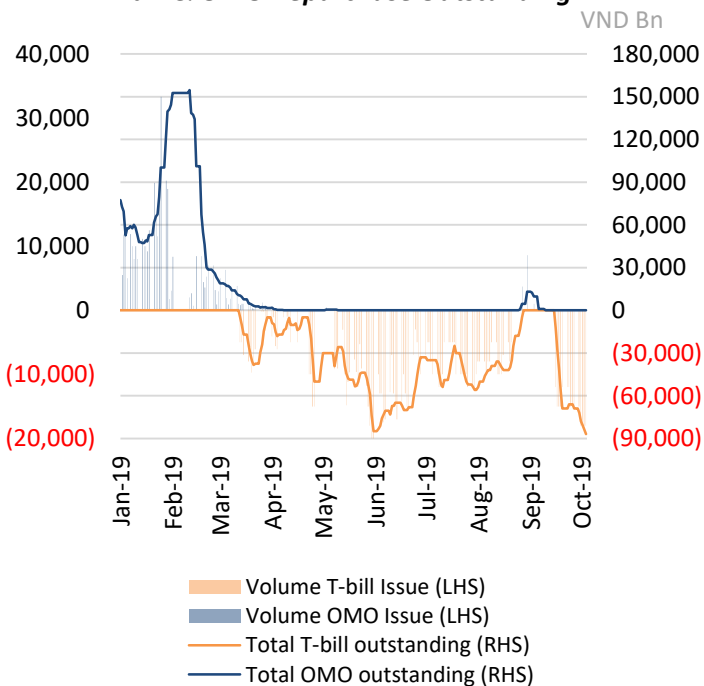
Weekly average interbank interest rates



Weekly SBV money injection volume



T-bill & OMO Repurchase Outstanding



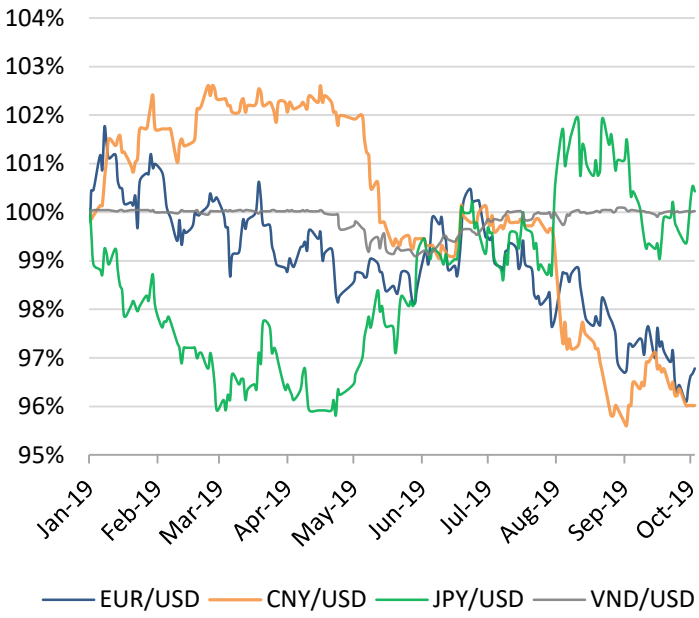
FX Market

USD/VND central exchange rate remained stable. USD index fell due to gloomy macroeconomics indicators.

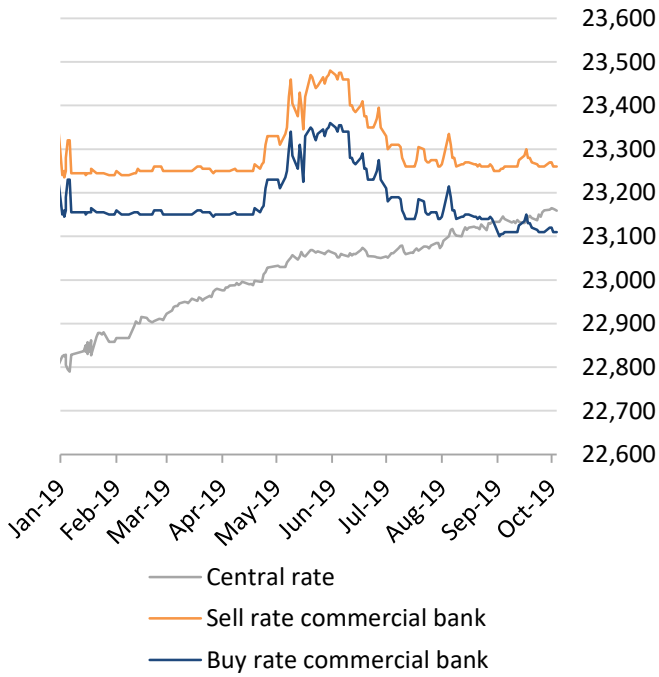
The central exchange rate upward trend had persisted, bringing the rate to 23,165 VND/USD, until a drop to 23,159 VND/USD at the end of the week. On the other hand, the commercial bank rate was moderated around 23,140/23,260 VND/USD.

Underwhelming US economic data led to a US Dollar depreciation. In fact, USD index fell by 0.3% and closed at 98.81 at the end of the week. Meanwhile, EUR saw a remarkable increase against USD.

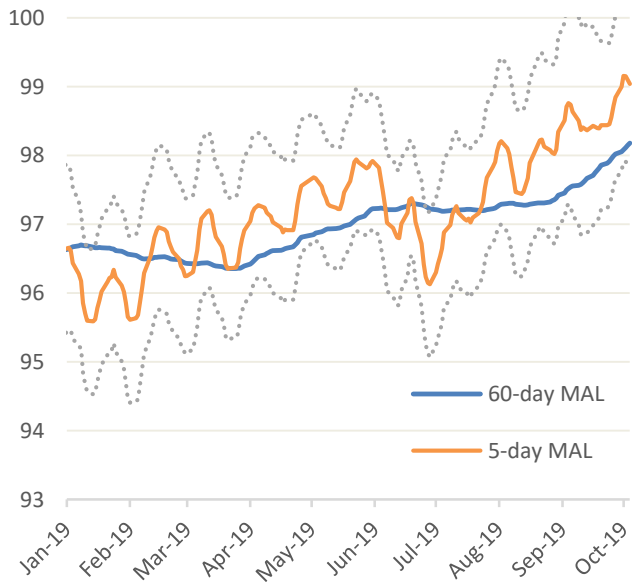
Exchange rate change (base date 01/01/2019)



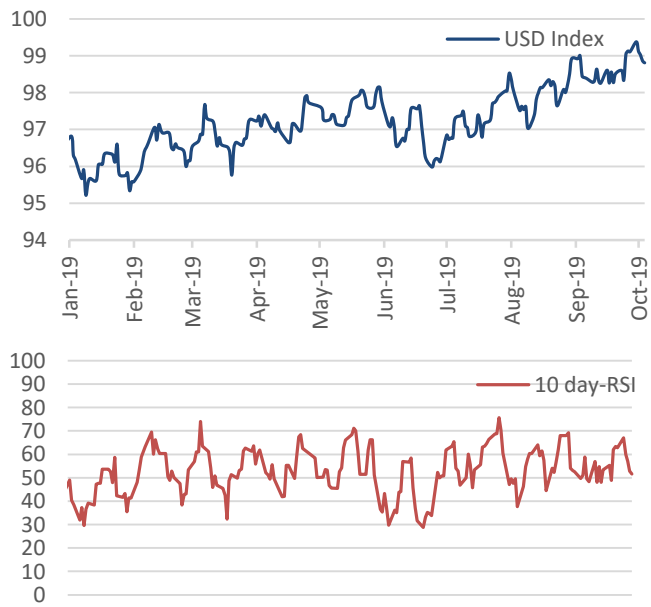
USD/VND exchange rates



USD Index Moving Average Lines



USD Index and Relative Strength Index



Primary Bond Market

The State Treasury offered VND 4,000bn of bond. The winning rate reached 100%.

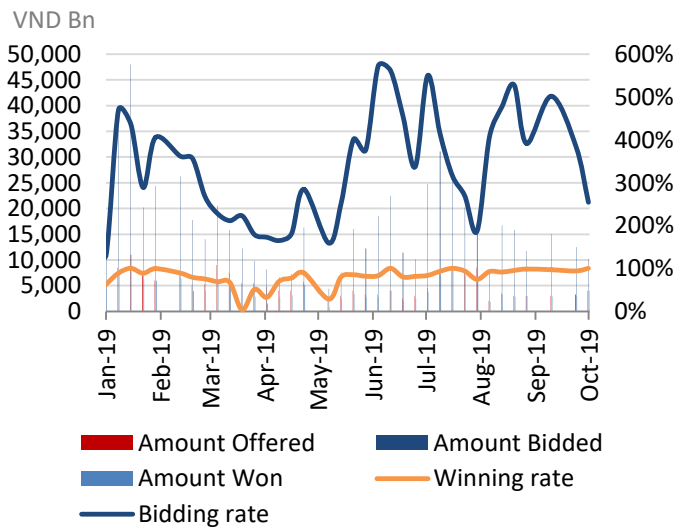
During the week, the State Treasury offered VND 4,000bn of 5y, 10y, 15y and 20y bonds. All auctioned bonds were issued, marking this session as the fourth session with 100% winning rate in 2019. However, the bidding/offering volume ratio reduced to 254.3%.

The 5-year yield continued to fell by 26bps, to 2.89%.y. On the other hand, both 10-year yield and 15-year yield slightly rose.

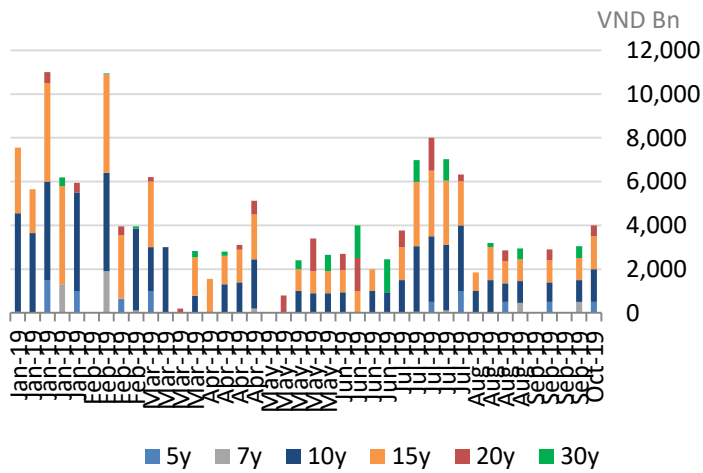
Bond auctions last week

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	TD1924164	State Treasury	5	2-Oct-19	500	2,101	500	2.89	4/2.89	-26
2	TD1929180	State Treasury	10	2-Oct-19	1,500	3,650	1,500	3.98	4.2/3.93	1
3	TD1929175	State Treasury	15	2-Oct-19	1,500	3,320	1,500	4.25	4.35/4.2	1
4	TD1929175	State Treasury	20	2-Oct-19	500	1,100	500	4.88	5.4/4.85	-2

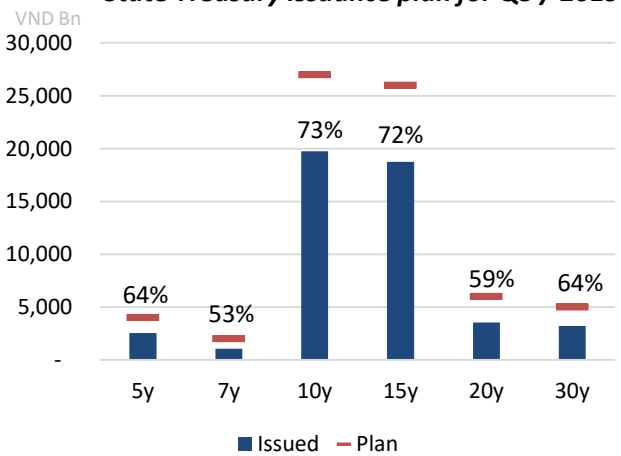
Winning rate stood reached 100%



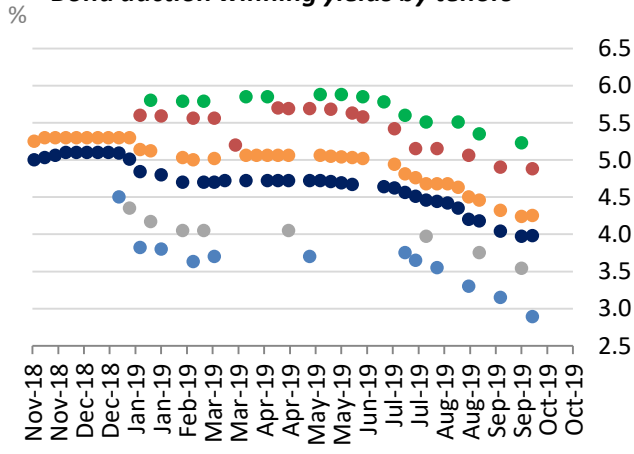
VND 4.000bn of bonds was issued



State Treasury Issuance plan for Q3 / 2019



Bond auction winning yields by tenors



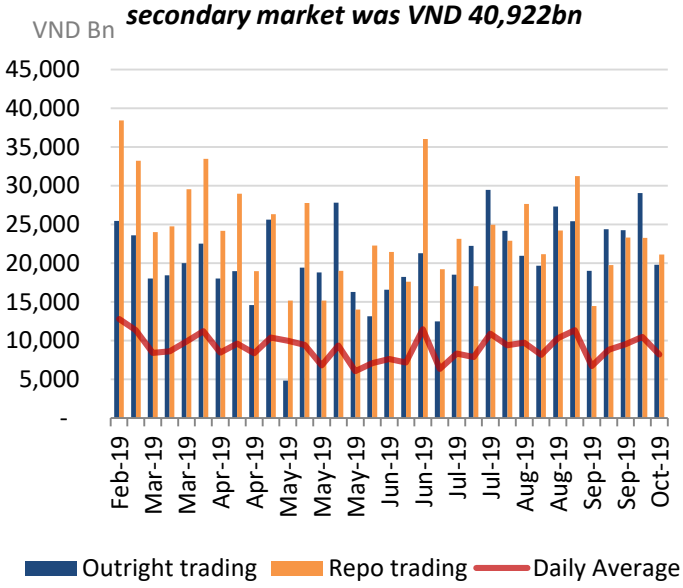
Secondary Bond Market

Total Outright and Repo transaction value slightly declined by 21.81%, down to VND 40,922bn.

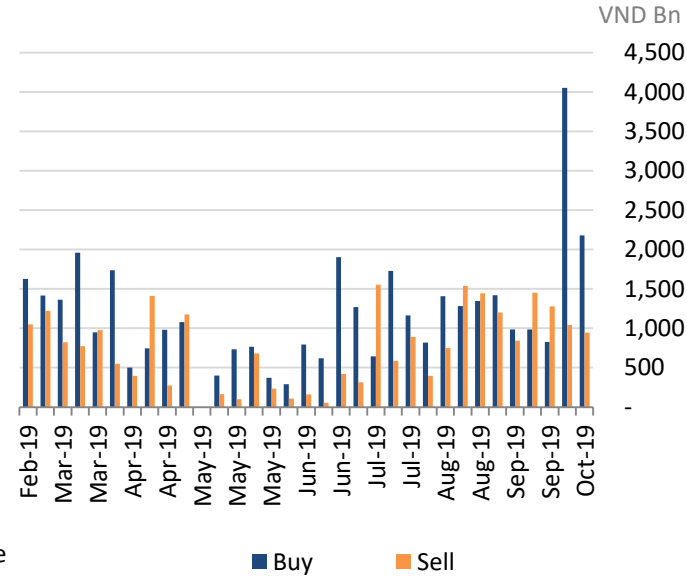
After three weeks of consecutive increase, weekly total Outright and Repo transaction value recorded at VND 40,922bn, 21.81% lower than the previous week. Volume for Outright and Repo transaction stood at VND 19,401bn and VND 21,121bn, respectively. The daily average trading volume stood at VND 8,184bn.

Despite being lower than the previous week, foreign investors' purchasing volume still outweighed their selling volume. In particular, the net purchase value of foreign investors recorded at VND 1,236bn.

Weekly transaction volume on secondary market was VND 40,922bn

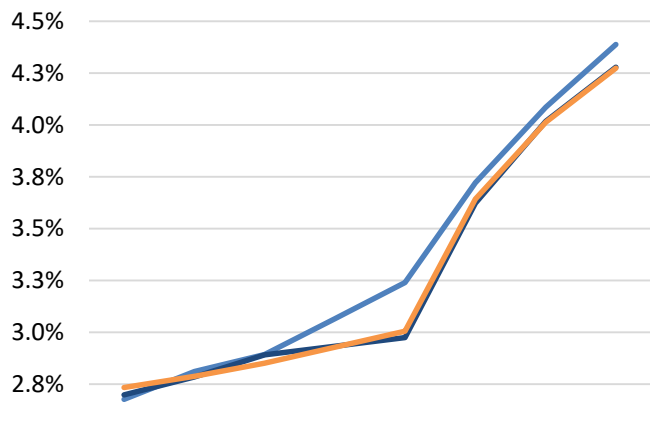


Foreign investors net purchased VND 1,236bn



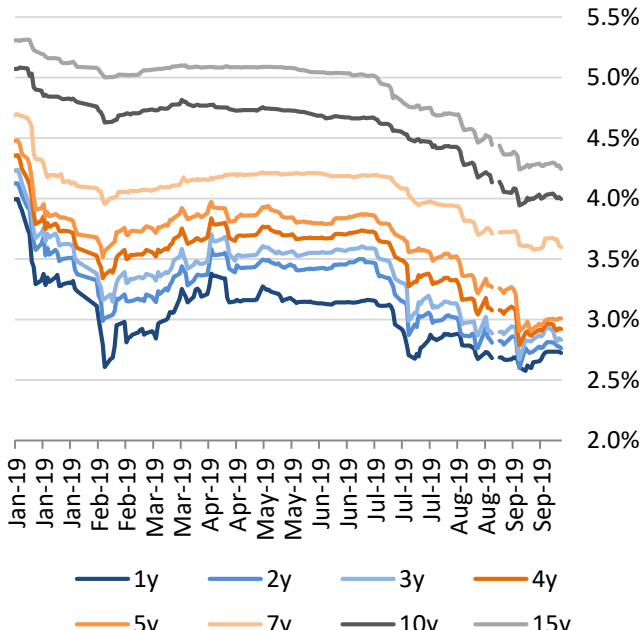
The weekly average VBMA Government Bond Yields did not undergo any major change. The most notable shift was that 5-yield slightly increased after several weeks of continuous decline.

Weekly average VBMA Government Bond Yield Fixing



	1y	2y	3y	4y	5y	7y	10y	15y
06-Sep-19	2.68%	2.81%	2.89%	3.07%	3.24%	3.72%	4.09%	4.39%
27-Sep-19	2.70%	2.78%	2.89%	2.93%	2.97%	3.62%	4.02%	4.28%
04-Oct-19	2.73%	2.79%	2.85%	2.93%	3.00%	3.64%	4.01%	4.27%

Daily VBMA Government Bond Yield Fixing



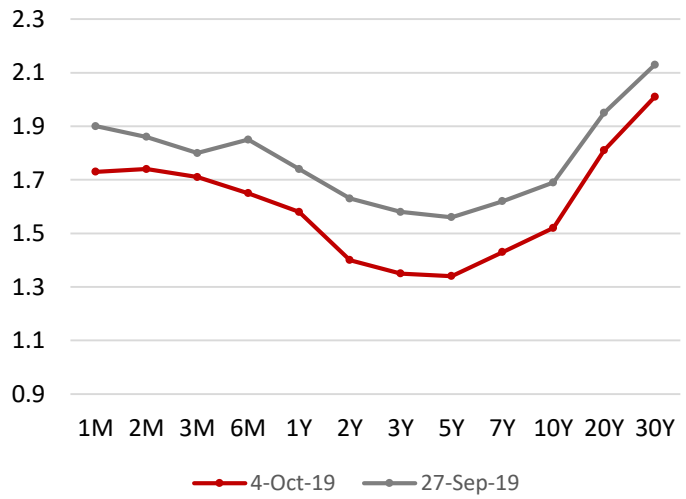
Global Market

WTO allowed additional tax on USD 7.5bn of EU exports. US Treasury yields decreased.

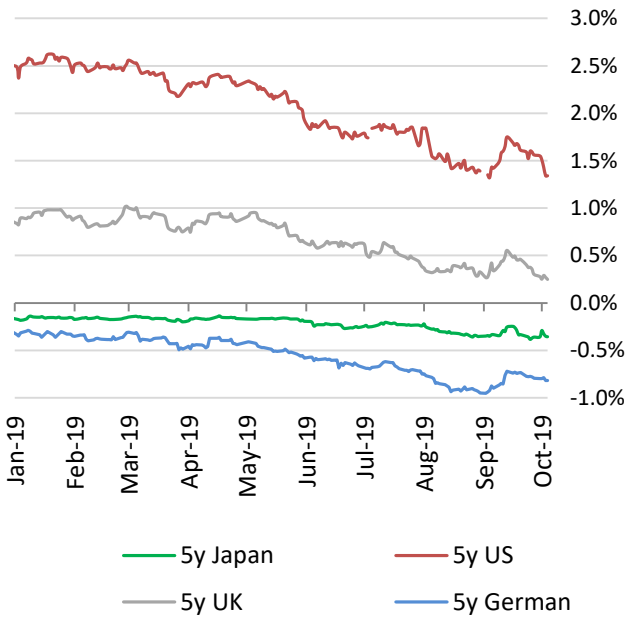
The World Trade Organization (WTO) ruled that the US can place tariffs on $7.5 billion of EU imports in retaliation for unfair government aid from certain EU countries to Boeing rival Airbus. Following this decision, the US announced that it would place 25% tariffs on a range of products that it imports from the EU, including agriculture products and civil aircrafts.

Meanwhile, US ISM manufacturing PMI came in under 50 (the line separating expansion and contraction) for the second consecutive month. Additionally, September's figure of 47.8 was the lowest reading since 2009. Furthermore, although US unemployment rate hit its lows in 50 years (3.5%), wage growth was flat in comparison to the previous month. Disappointing economic data caused US Treasury to fell. In particular, the 10-year yield dropped to its lowest level in a month.

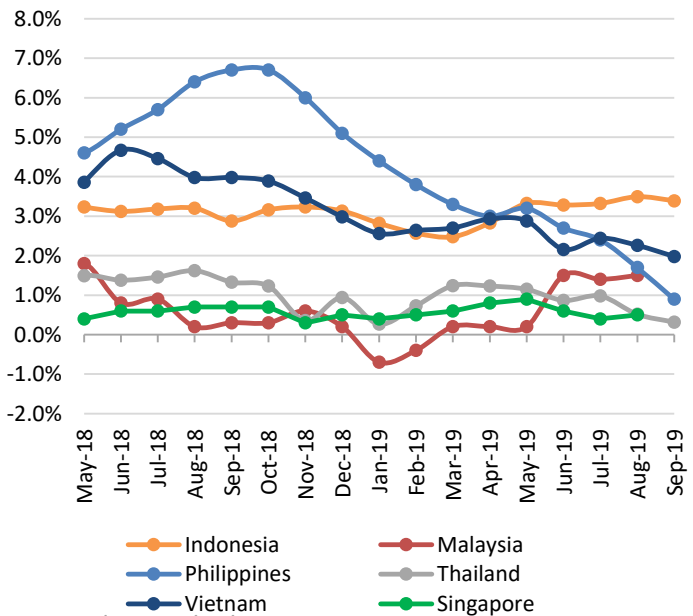
Week-over-Week US Treasury Yield



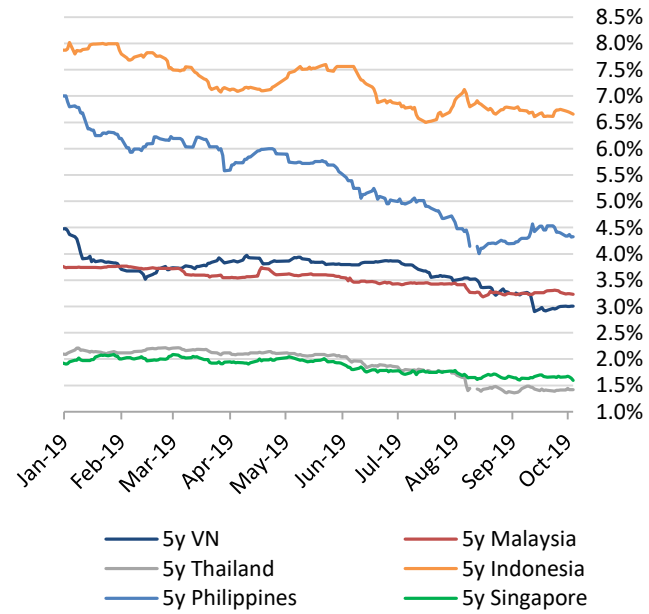
The 5-year Government Bond yields



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	10-10-19	STV	TD1926171	Additional	7	500
2	10-10-19	STV	TD1934191	Additional	15	1,500
3	10-10-19	STV	TD1949206	Additional	30	500
4	10-10-19	STV	TD1929180	Additional	10	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	Bank for Development	VDB110024	1,093	10	0.63	3.10-3.14
2	State Treasury	TD1934191	1,085	15	14.79	4.26-4.80
3	State Treasury	TD1636502	976	20	16.99	5.51-5.51
4	State Treasury	TD1939200	967	20	19.27	4.81-5.50
5	State Treasury	TD1636466	907	20	16.28	5.42-5.42
6	State Treasury	TD1929178	874	10	9.31	3.99-4.04
7	State Treasury	TD1929179	775	10	9.79	4.00-4.50
8	State Treasury	TD1429094	701	15	9.43	4.00-4.62
9	State Treasury	TD1929175	672	10	9.24	3.99-4.05
10	State Treasury	TD1520260	626	5	0.35	2.30-2.40

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

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