



Money 360

April 5, 2017

Mr. Vi Phuc Tran

03/27/2017 – 03/31/2017

MARKET OVERVIEW

Looking on the interbank rates last week, although the borrowing rates occasionally exceeded 5%, the deposit rates remained considerably low. This suggests that the banking sector is in need of large capital to expand their Credit growth without much strain in liquidity management. If the trend persists, the upward pressure on interest rates is foreseeable.

The USD/VND exchange rate is showing decent management and preparation from the SBV when reference ceiling price has been significantly rallied amidst the rigidity of both international and Domestic markets. Seems that the Administration is taking counter measurements for the Fiscal Policy of US and the France Election result, both are meant to due within this month. A bullish view is mostlikely for the green note, as well as its deposit rate within Domestic Banks.

Donald Trump and Jin Xi Ping are holding a summit this weekend, the most important coverage would be the negotiation of trading terms, the solutions for North Korea's recent concerning behaviours. The Summit would then provide a glimpse of potential fate for global commerce and possibly panics if a trade war between the biggest economies is brought in discuss. My personal view is that Trump would avoid aggression in the topic of trades, and having strong remarks on North Korea. The man after all is known for being more reckless domestically than internationally. A trade war scenario is expected to drive up the US Dollars however.

Bringing gold into the spotlight, recent week rallies has brought Gold to its consolidation levels, domestic market saw a decline in price which narrows the international- domestic price gap down to VND 1,5mln. The major movements might start from this week as the US- China Summit carries out and would certainly become volatile when the France Election result comes out on the 23rd.

The Euro on the other hand is on the bringe to a major slump. As Brexit kickstarted, the "EU existential polls" - Namely the France and Germany elections, also the most likely unavoidable rally of the US Dollars. I would suggest a more protective investment approach to any of EU-related assets.

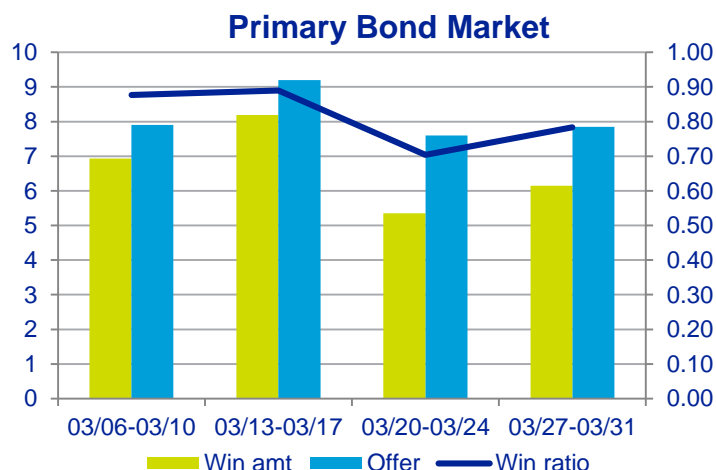
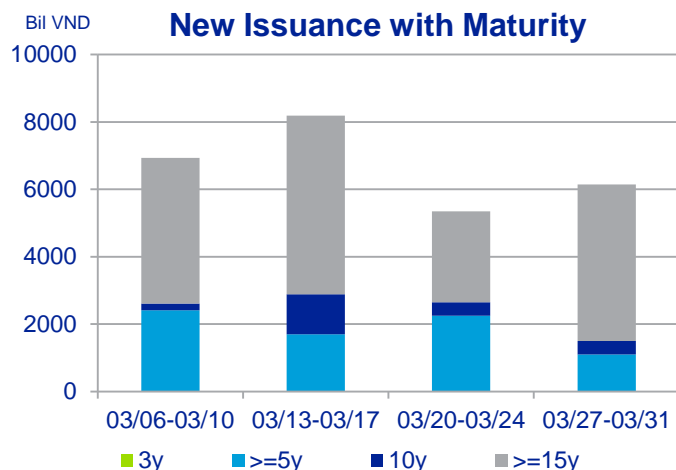
Given the international view as it is. Vietnam's Administration shall be relaxed from the US dollar pressures, take preparations for a higher Japanese Yen and the possible major slump of the Euro currency.

Within our borders, aside from the recent disappointing GDP statistics, thus the risk of compromising our 2017 growth target, the current outlook remained stable without much pressures. Equities and Bond Markets are performing decently, Q1 credit growth came out impressively. Though things might change after this month when the big global events carried out.

Without much to cover, please watch the US-China Summit, White House's coming policies and certainly the France Election result closely, thank you.

VGB-GGB MARKET

PRIMARY BOND MARKET



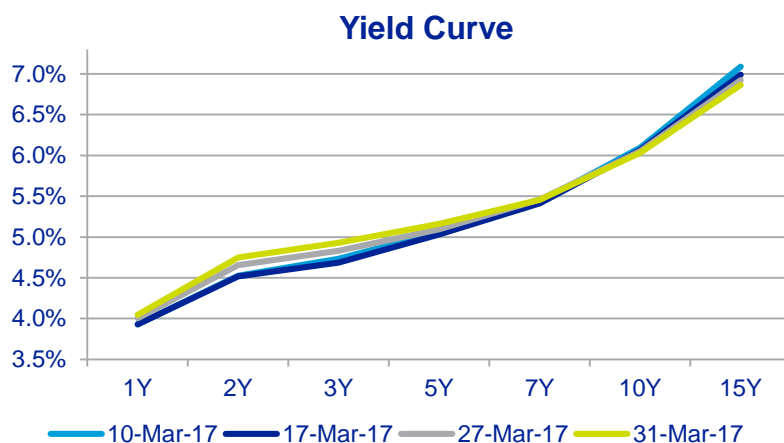
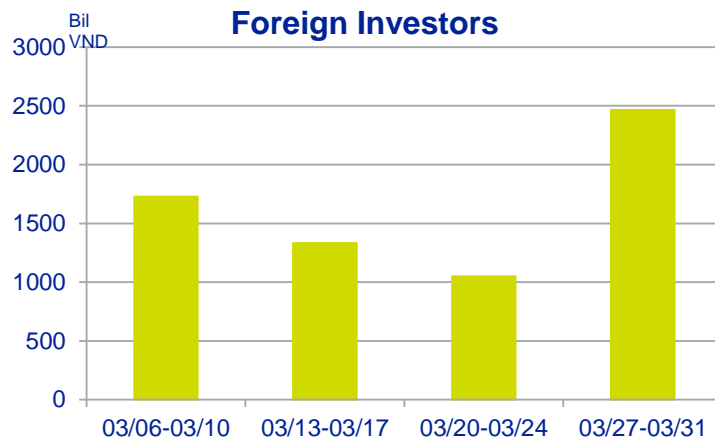
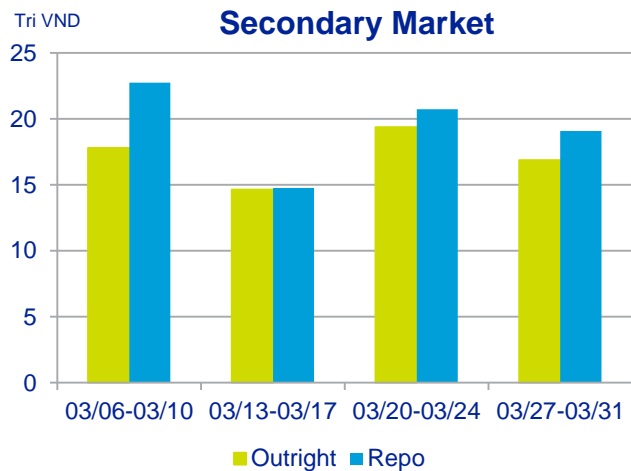
Source: HNX, ACBS

Seeing how only the longer term VGBs are selling well and the declining trend of absorption level, it is safe to assume lack of fund ampeness within the banking sector, the general view for short term performance of Vietnam Economy is somewhat slightly downgraded.

Bond Issuance Schedule This Week

04/03/2017 - 04/07/2017				
Issuer	Offer Amount	Issue Date	Maturity	Tenor
State Treasury	1,000,000,000,000	4/7/2017	3/9/2022	5
State Treasury	1,500,000,000,000	4/7/2017	4/7/2047	30
State Treasury	1,500,000,000,000	4/7/2017	2/16/2027	10
State Treasury	1,000,000,000,000	4/7/2017	3/23/2024	7

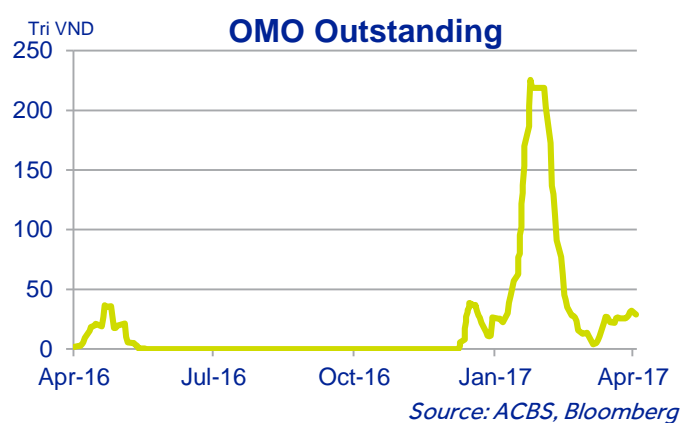
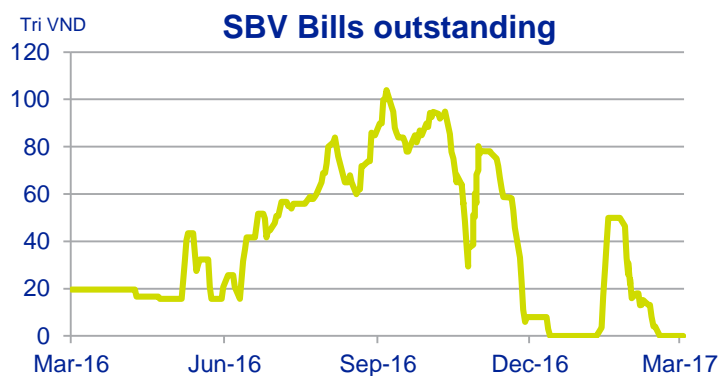
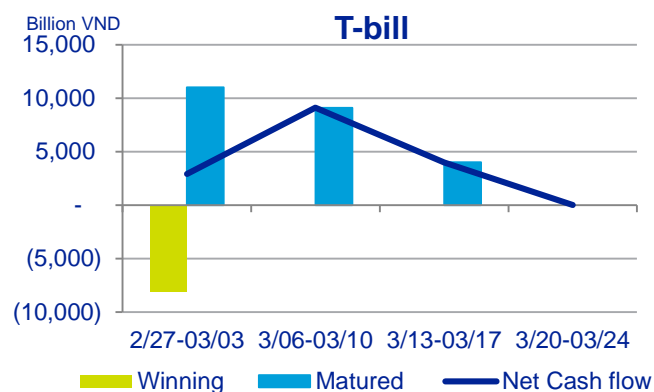
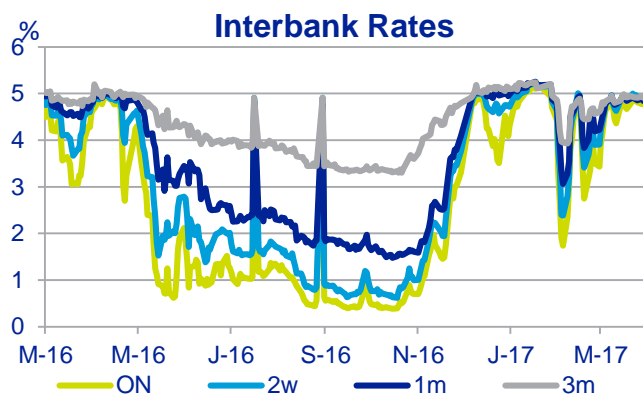
SECONDARY BOND MARKET



Source: HNX, VBMA, ACBS

Impressive net bond purchase from foreign investors (VND 2.5tln) with a declining trading volume and a slight domestic sell off in shorter term bonds- based on the yield curve. The economic outlook for Vietnam is considered positive on medium and long term.

MONEY MARKET

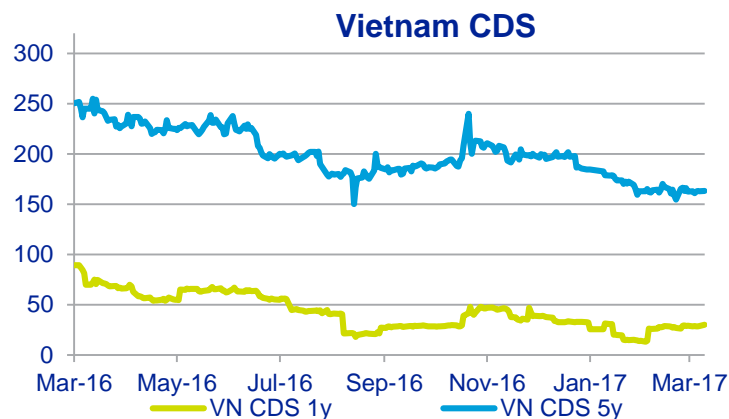
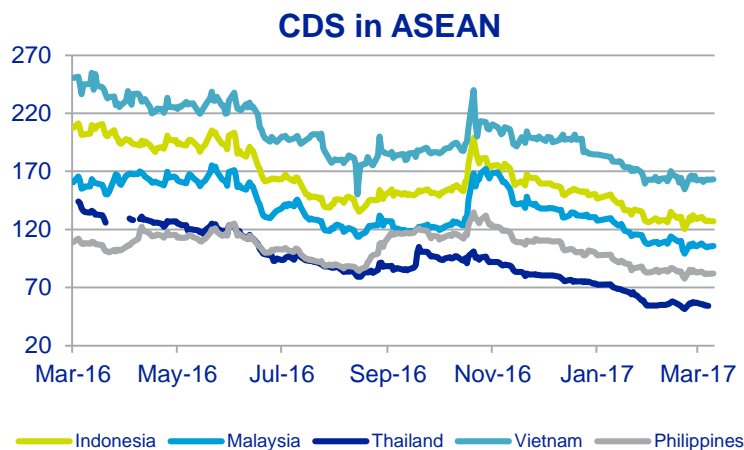


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The rigidity of circulating amount also suggests that the funds tightness with depository institutions was planned and reasonable managed.

OTHER MARKETS

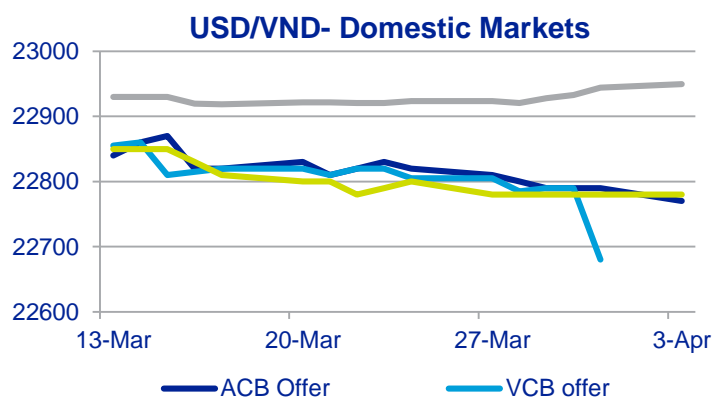
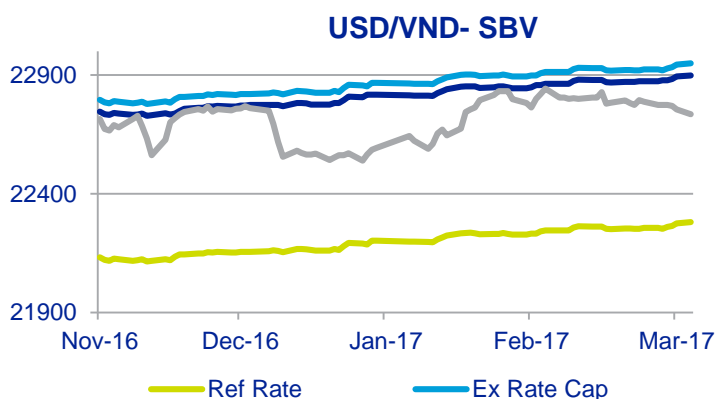
SOVEREIGN CDS



Source: Bloomberg

ASEAN region and Vietnam saw their credibility slightly decreased last week. Vietnam remains a decent long term investment market

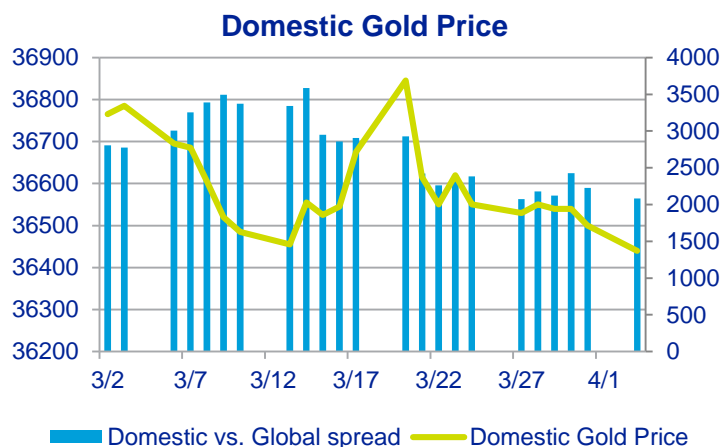
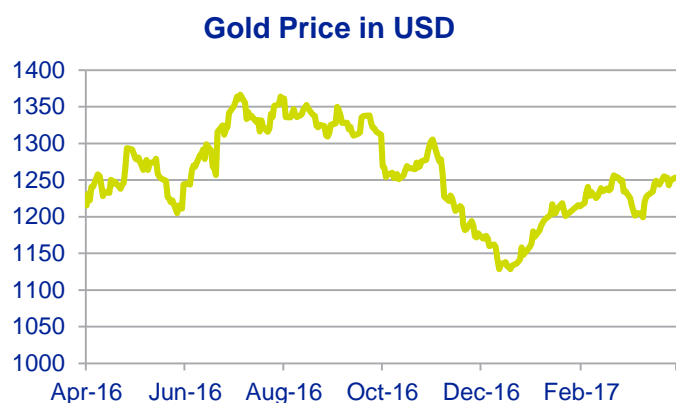
FOREX MARKET



Source: SBV, Bloomberg

The USD/VND exchange rate is showing decent management and preparation from the SBV when reference ceiling price has been significantly rallied amidst the rigidity of both international and Domestic markets. Seems that the Administration is taking counter measurements for the Fiscal Policy of US and the France Election result, both are meant to due within this month. A bullish view is mostlikely for the green note, as well as its deposit rate within Domestic Banks.

GOLD MARKET



Source: Bloomberg, ACB.

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APPENDIX

FX rate	USD		EUR		JPY	
Date	Bid	Ask	Bid	Ask	Bid	Ask
27-Mar-17	22,735	22,805	24,508.47	24,801.44	203.33	207.21
28-Mar-17	22,735	22,805	24,519.77	24,812.88	202.84	206.72
29-Mar-17	22,715	22,785	24,365.84	24,657.12	201.85	205.71
30-Mar-17	22,720	22,790	24,255.17	24,545.12	201.92	205.78
31-Mar-17	22,720	22,790	24,121.91	24,410.27	200.20	204.02
03-Apr-17	22,680	22,750	24,037.43	24,324.82	201.04	204.88

Source: Vietcombank

Deposit Interest Rate	2 weeks	1 month	3 months	6 months	1 year	2 years
10/7/2016	1%	4.60%	5.0%	5.60%	6.20%	6.50%

Source: ACB

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