



Money 360

June 21, 2017

Mr. Vi Phuc Tran

06/12/2017 – 06/19/2017

MARKET OVERVIEW

Proposal on Liquidation of Non-Performing Loans has been officially approved by Congress, the banking sectors would see their NPL settlements smoother starting August 2017.

Meanwhile, against my previous expectations, the interbank financial market has been stalling for the past few weeks. O/N rates dropped from 4.8% down to 2% since previous month, yet stood still up to date and ranging from 1.8% to 2.1%. OMO has been VND 50bln away from ground zero for the last two weeks, neither increased or decreased. Naturally, SBV Bills are nowhere in sight.

From all that, might be safe to assume the major drive for 2017's GDP growth is coming from the Credit Growth component. Banking sector might be having their long awaited recovery year.

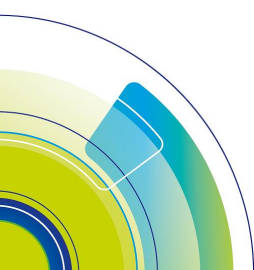
SBV recently increased their bidding rates for the USD/VND by VND 50. I suppose this is a hedging move in anticipation of the already low USD. The upper limit for the green note is open than vice versa regardless of how the Trump's legal dispute turned out. Favorable: He would start to carry out his promised stimulus. Impeachment as the worst case scenario? Another president means new beginning (and speculations, less uncertainties). The Green note is currently at its pre-elections level, Trump's effects has been ruled out and the FED is hiking their rates.

Note that Current Account showed stronger growth on Imports than Exports (May figures: 19.9% versus 23.6% YoY). This can potentially be a lagger on our GDP target. The bright side is that we have the advantage of exchange rate as the US Dollars is currently losing its momentum.

UK election resulted in a Hung Parliament. With only half of the support coming from the Tories within the Government, Theresa May would find her upcoming negotiation terms for Brexit challenged. Brexit would carry on, lengthy and costly as it is, is getting trickier. Sterling slumped as the prospects loomed. Any bullish movements coming from the Eurozone to me at the moment s an opportunity to bet against them.

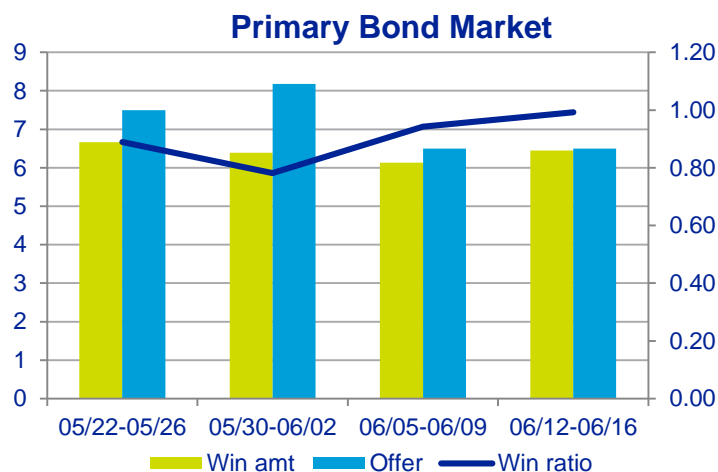
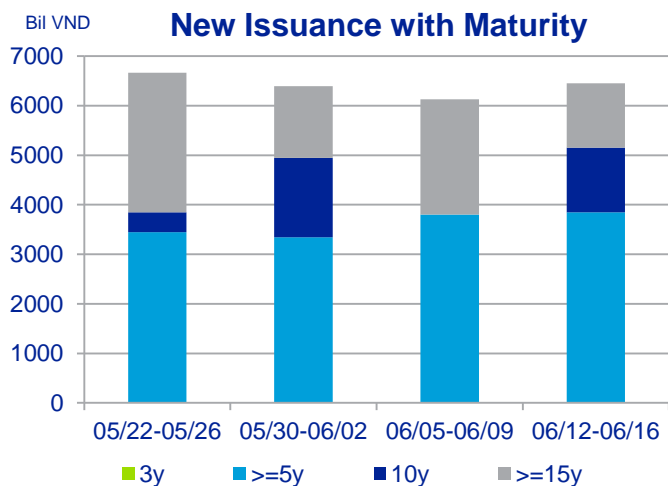
Oil has hit \$34/ barrel even with OPEC's extended deal. The nonmembers (mainly US) are taking full advantage of the OPEC's efforts. Production level unrestricted, higher selling price and open market shares to claim, this has been a long foreseeable Nash Equilibrium.

The next elections from Europe countries, the bailout progress of Greek and the Italian Banks, the Brexit negotiation and lastly Donald Trump political career should be on top of our watch list. Please don't get yourself caught unprepared.



VGB-GGB MARKET

PRIMARY BOND MARKET



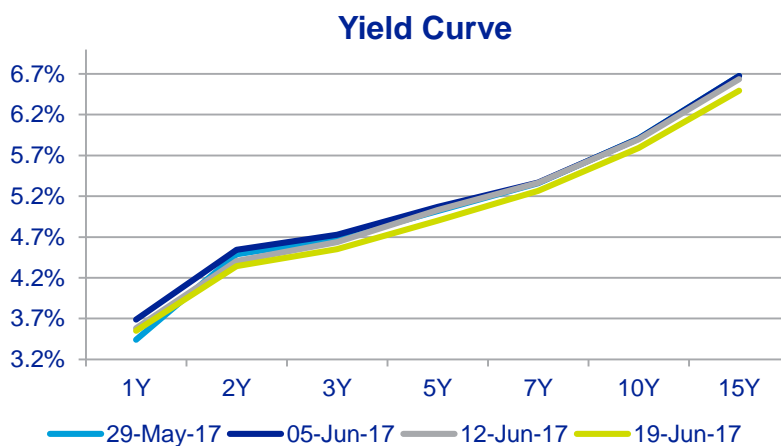
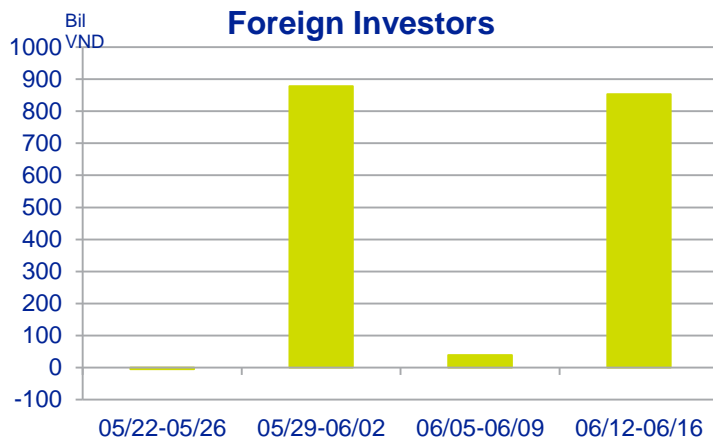
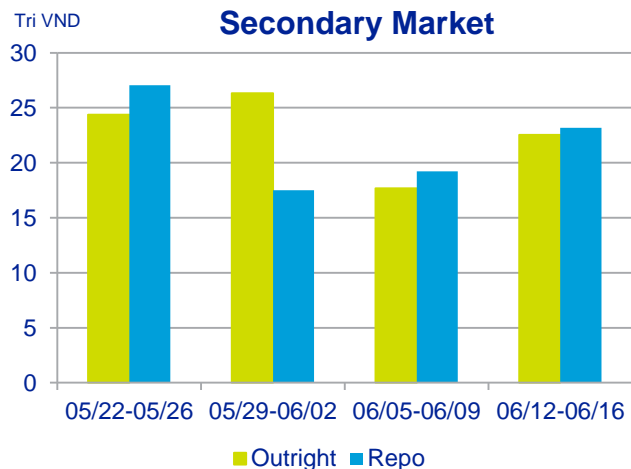
Source: HNX, ACBS

Above 400% registered amount over offered last week. 99% absorption rate with extra issuances on all terms. Winning Yields for 20yr and 30yr tenor VGBs has been decreasing as expected when their issuance target for 2017 has been exceeded

Bond Issuance Schedule This Week

06/19/2017- 06/23/2017				
Issuer	Offer Amount	Issue Date	Maturity	Tenor
State Treasury	1,500,000,000,000	6/22/2017	6/8/2022	5
State Treasury	1,000,000,000,000	6/22/2017	5/11/2037	20
State Treasury	1,000,000,000,000	6/22/2017	4/27/2032	15
State Treasury	1,500,000,000,000	6/22/2017	6/8/2024	7

SECONDARY BOND MARKET

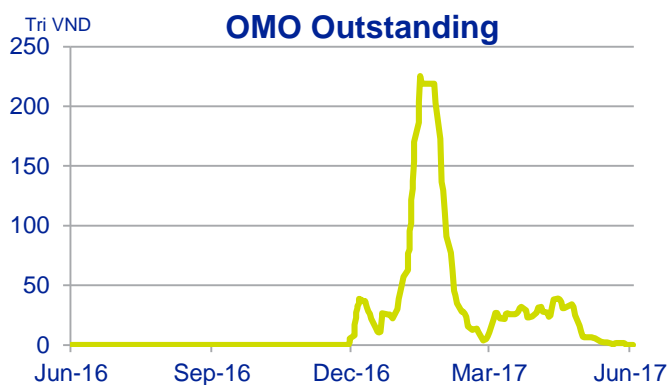
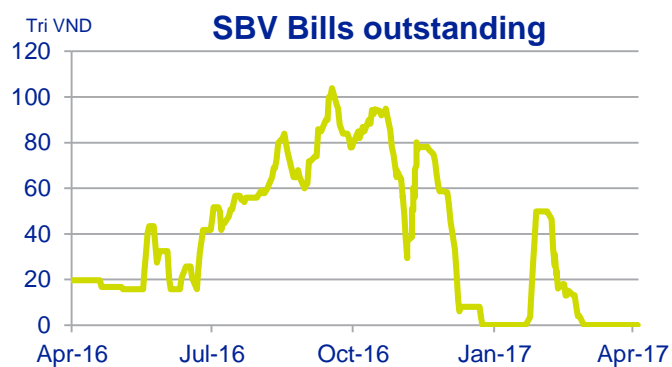
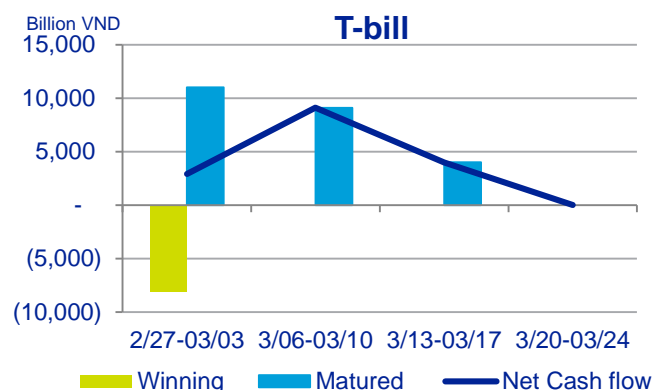
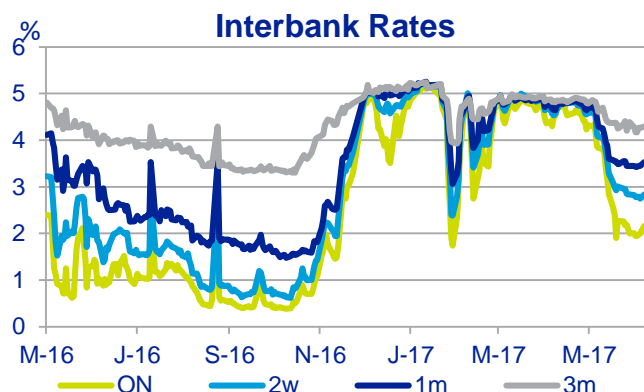


Source: HNX, VBMA, ACBS

On Secondary market, transaction volume reflects strong interest, also fund abundance within credit institutions. Foreign investors net purchase was VND 877tln, a steady amount.

The yield curve has been slightly flatten. The trend should be reversed when longer terms SBV are no longer issued.

MONEY MARKET



Source: ACBS, Bloomberg

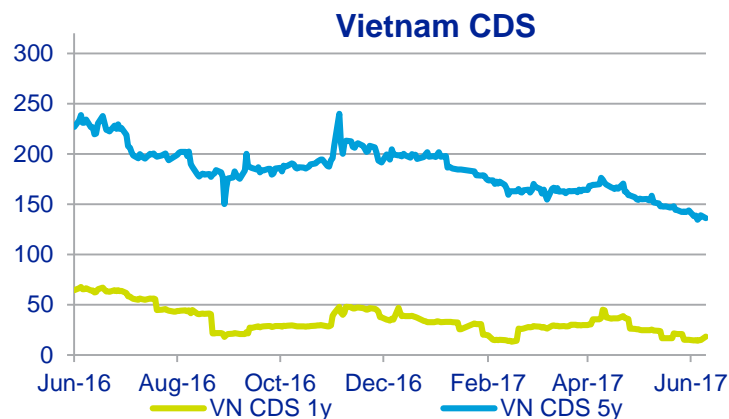
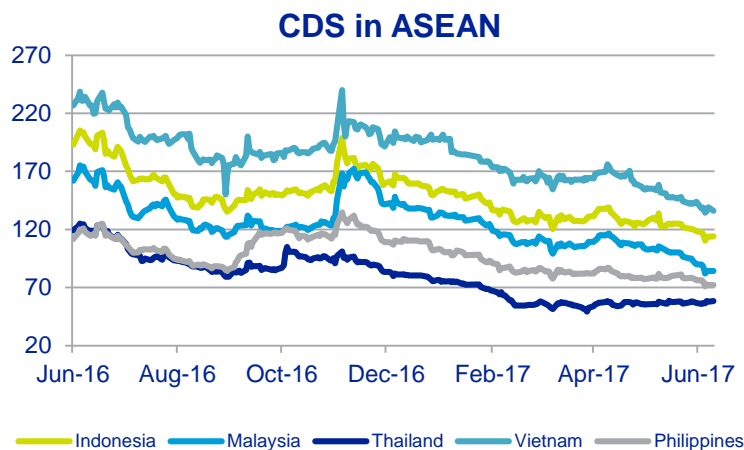
VND 50bln from zero ground on Outstanding OMO. O/N interbank rates fell down to 2.26. The banking sector is currently relieved of fund shortage; they have enjoyed a record high 1Q 2017 credit growth, it is reasonable to expect the same for 2Q 2017.

In general, the interbank financial market has been stalling for the past few weeks. O/N rates dropped from 4.8% down to 2% since previous month, yet stood still up to date and ranging from 1.8% to 2.1%, neither increased or decreased. Naturally, SBV Bills are nowhere in sight.

Note that Interbank rates are remarkably higher when compared YoY.

OTHER MARKETS

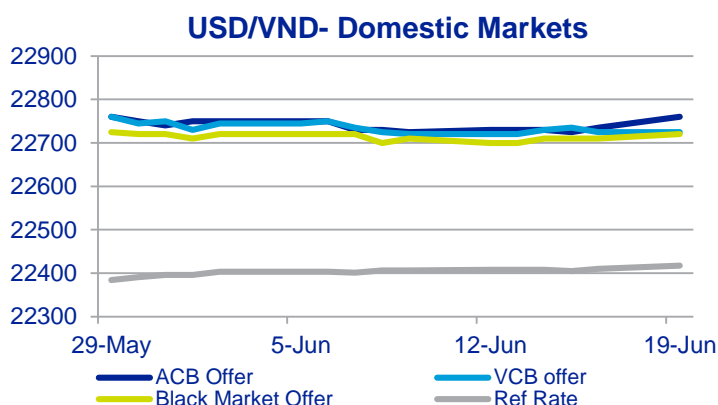
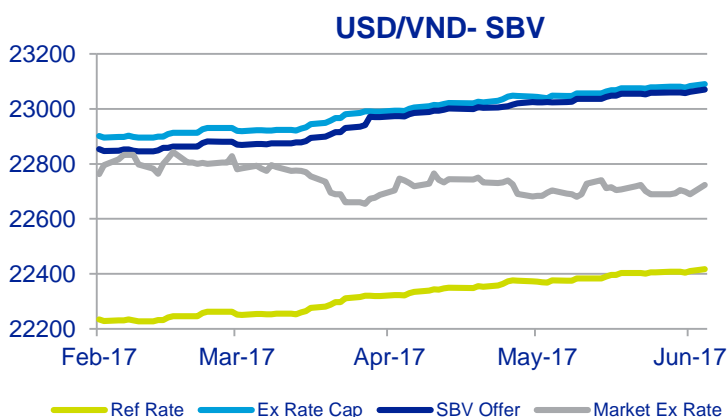
SOVEREIGN CDS



Source: Bloomberg

5yr CDS from Vietnam reached new record low. The 1yr contracts however is still reflecting some skepticism for our short term performance.

FOREX MARKET



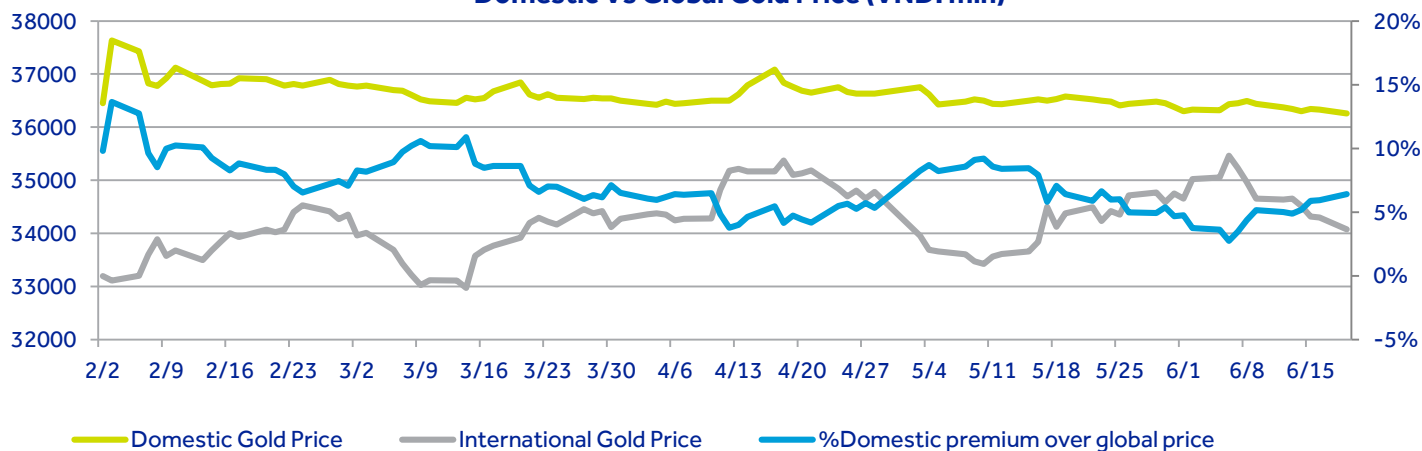
Source: SBV, Bloomberg

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Another point of view is: with the upcoming events from US, I suppose the FED would hesitate to proceed too quickly on their rate hikes. Recent job statistics has not been very optimistic.

GOLD MARKET

Domestic Vs Global Gold Price (VND. mln)



Gold Price in USD



Depends on the upcoming UK Election, Donald Trump legal dispute, Gold could be set for another rally. No bullish nor bearish drive for the bullion at the moment. Still, a technically entered long position is favored.

Source: Bloomberg, ACB.

APPENDIX

FX rate	USD		EUR		JPY	
Date	Bid	Ask	Bid	Ask	Bid	Ask
12-Jun-17	22,650	22,720	25,251.12	25,553.04	202.99	206.87
13-Jun-17	22,660	22,730	25,220.64	25,522.20	203.41	207.29
14-Jun-17	22,665	22,735	25,263.31	25,565.37	203.11	206.99
15-Jun-17	22,655	22,725	25,266.88	25,569.00	204.05	207.95
16-Jun-17	22,655	22,725	25,102.48	25,402.63	201.11	204.96
19-Jun-17	22,680	22,750	25,256.25	25,558.21	201.71	205.57

Source: Vietcombank

Deposit Interest Rate	2 weeks	1 month	3 months	6 months	1 year	2 years
05/26/2017	1%	4.80%	5.10%	5.60%	6.20%	6.50%

Source: ACB

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