



# Money 360

March 29, 2017

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**Mr. Vi Phuc Tran**

03/27/2017 – 03/31/2017

## MARKET OVERVIEW

An executive order from the White House this week shall be issued in order to reverse Obama's earlier restriction on US energy sector. Claiming that global warming is a hoax, Donald Trump offered to fully unleash US oil, coal and gas production. We should be expecting explosive energy outputs from the US. The future extended deal of OPEC to support the oil market (if there is any) would be further negated. Lower carbon taxes from US, higher emission and lower energy prices.

Politically speaking, the failure of the Affordable Health Care Act from Trump's administration showed the possibility that they could fail to meet their electoral commitments. The global excitement toward Trump since his election turned sour, faiths and credibility is damaged. The US bullish bets should not return until an extraordinary impressive tax policy is announced and signed.

As the Trump- inflated trades has been diminishing, US dollars reverted back to their pre-election levels whilst Japanese Yen soared as a safe haven against most currencies. As a matter of fact, when the JPY is put under scope after a long while being outshined by the US, traders started to realize the oversold state of the currency. Japanese real- interest rate has been increasing and their economy is slowly reflatting. A 108 yen per dollar is projected within the next 6 months, ceteris paribus.

Also within this week, the official start of the two-years Brexit negotiation will be implemented. Theresa May's announcement letter should lay out a general plan & date of the processes.

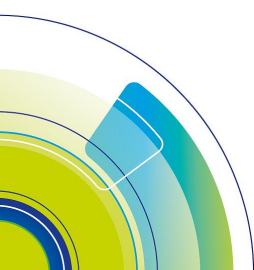
In France, Marine Le Pen remarks in an election rally March 26<sup>th</sup> showed her determination of withdrawing France out of the EU, making their elections the preliminary "EU survival Referendum". Recent polls reflected an around the corner possibility of her victory as the new President of France. The May 7<sup>th</sup> Election should definitely be monitored closely. We should not expect the politicians to be global- economically reasonable.

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.

Meanwhile, domestic financial sector showed signs of liquidity strain reflected on the lower absorption rate of primary market, the increase of O/N interbank rate and the eerie consistency of the OMO market. The Yield Curve and the CDS market suggested a more bearish view on Vietnam in short term.

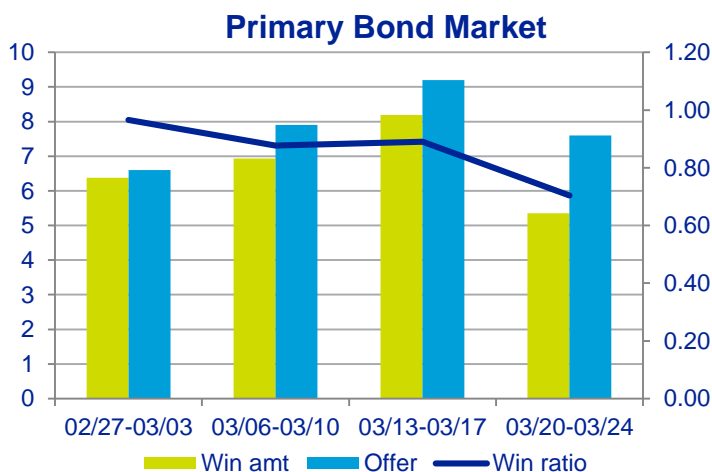
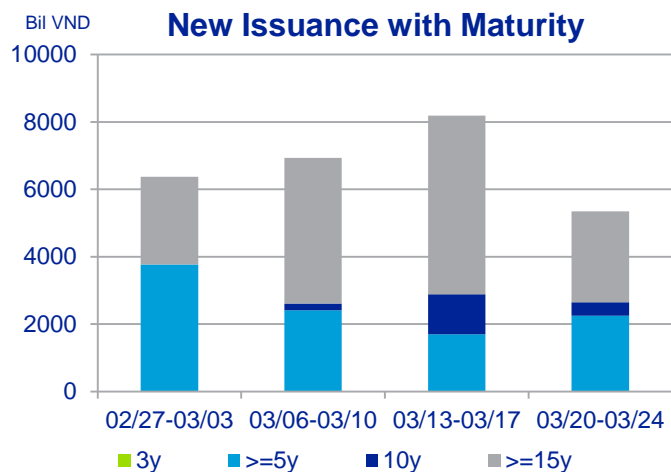
Approaching back to "before Trump" levels, gold should be moving sideways around the current prices until either the US tax policy or the French Election to unfold before entering a new trend.

Price gap between International and Domestic gold prices has been substantially reduced throughout recent weeks (currently VND 2.2mln), making bullish bets slightly less risky.



## VGB-GGB MARKET

### PRIMARY BOND MARKET



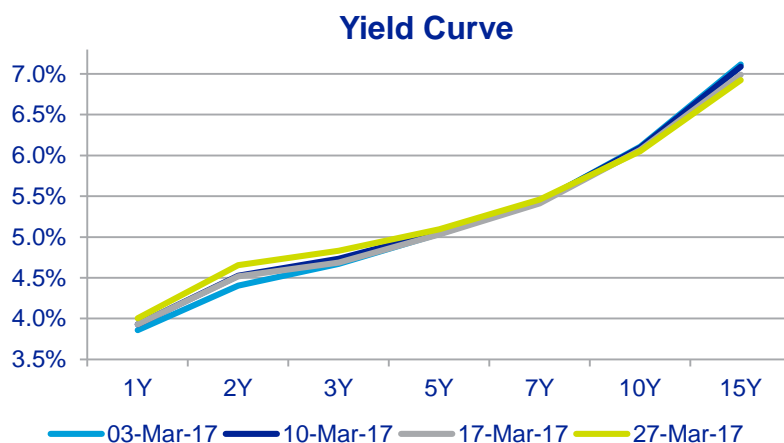
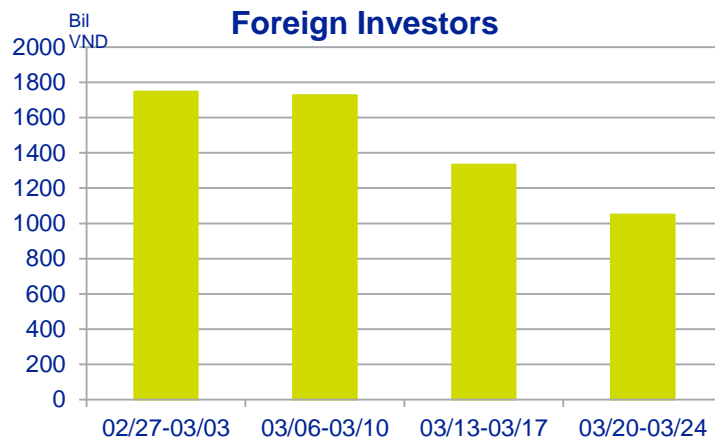
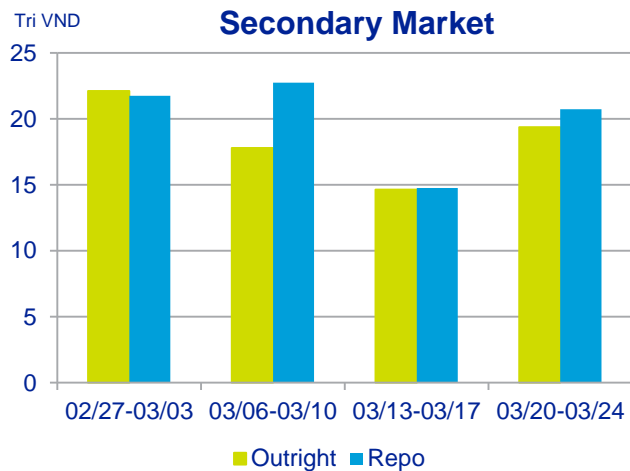
Source: HNX, ACBS

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 amplexness within the banking sector, the general view for short term performance of Vietnam Economy is somewhat slightly downgraded.

### Bond Issuance Schedule This Week

03/27/2017 - 03/31/2017				
Issuer	Offer Amount	Issue Date	Maturity	Tenor
TD1722379	State Treasury	1,000,000,000,000	3/30/2017	3/9/2022
TD1737407	State Treasury	1,000,000,000,000	3/30/2017	3/30/2037
TD1732402	State Treasury	1,000,000,000,000	3/30/2017	3/16/2032
TD1747410	State Treasury	1,500,000,000,000	3/30/2017	3/16/2047
TD1724414	State Treasury	1,500,000,000,000	3/30/2017	3/23/2024
BVBS17087	Vietnam Bank for Social Policies	280,000,000,000	3/28/2017	3/28/2032
BVBS17056	Vietnam Bank for Social Policies	400,000,000,000	3/28/2017	3/28/2027
BVBS17027	Vietnam Bank for Social Policies	300,000,000,000	3/28/2017	3/28/2022

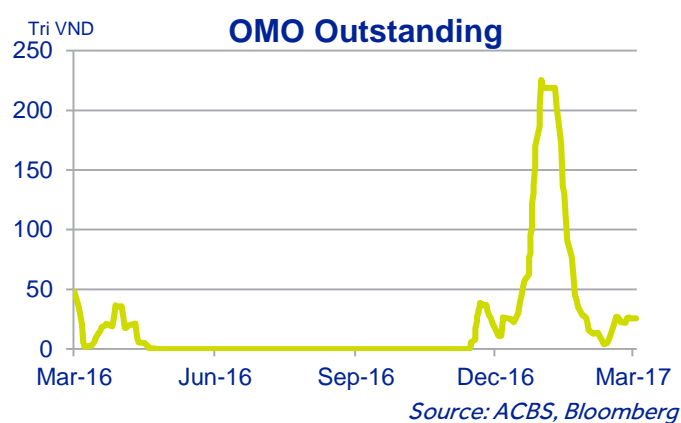
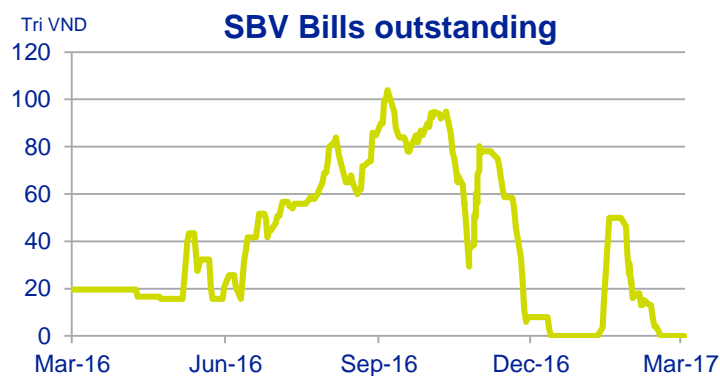
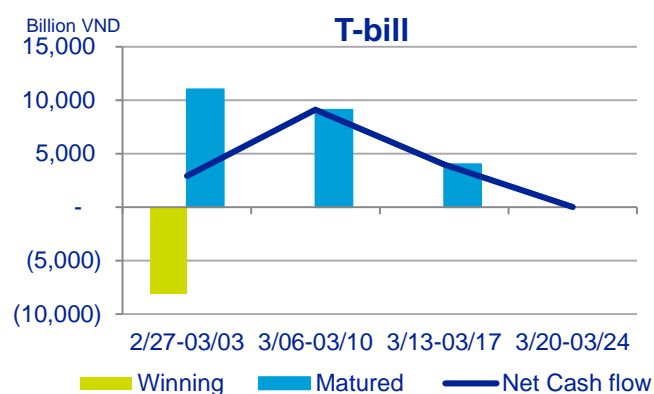
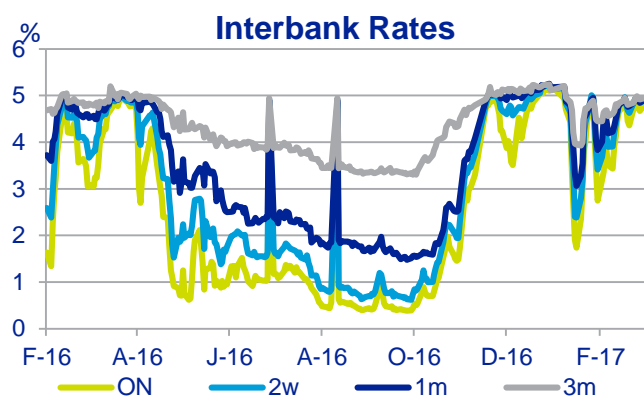
## SECONDARY BOND MARKET



Source: HNX, VBMA, ACBS

4-weeks-in-a-row net bond purchase from foreign investors (VND 1tn) with a declining 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.

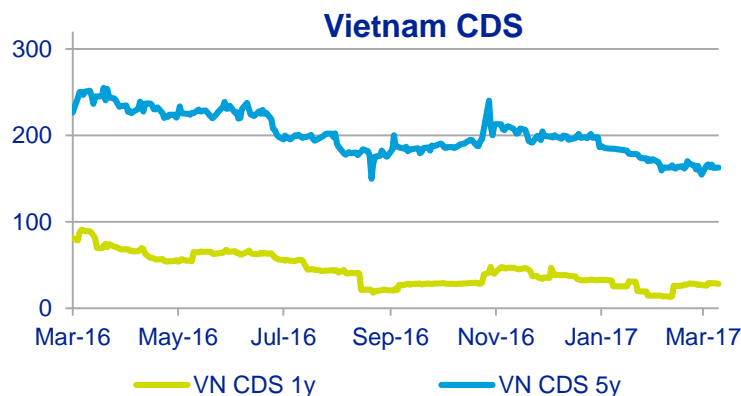
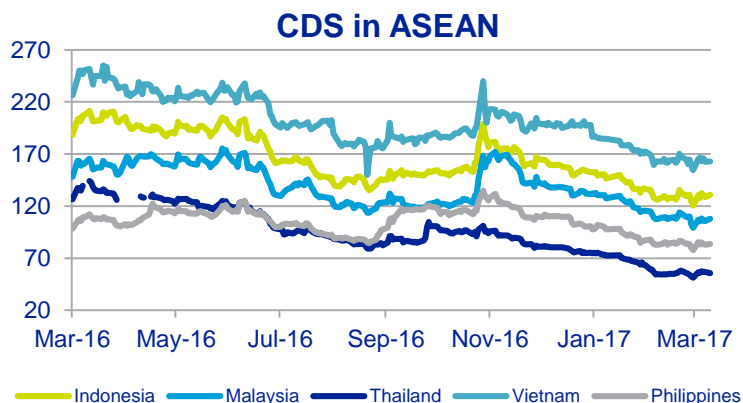
## MONEY MARKET



O/n Interbank rates approaching 4.9% while there were barely any changes within the T-bills and OMO market, any matured amounts were offset by the same issuance from on the OMO market. The rigidity of circulating amount suggests that the funds tightness with depository institutions was planned and reasonable managed.

## OTHER MARKETS

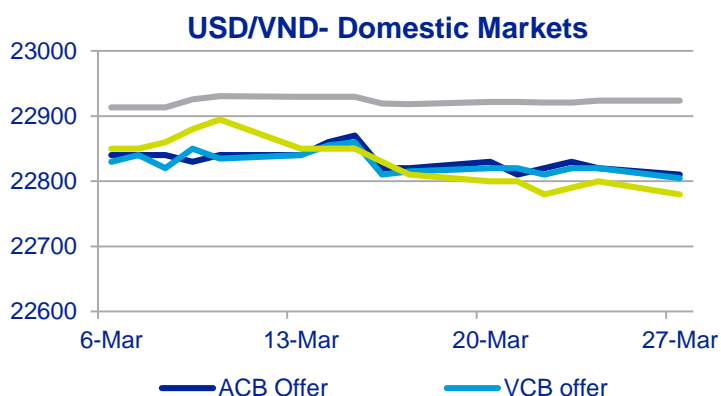
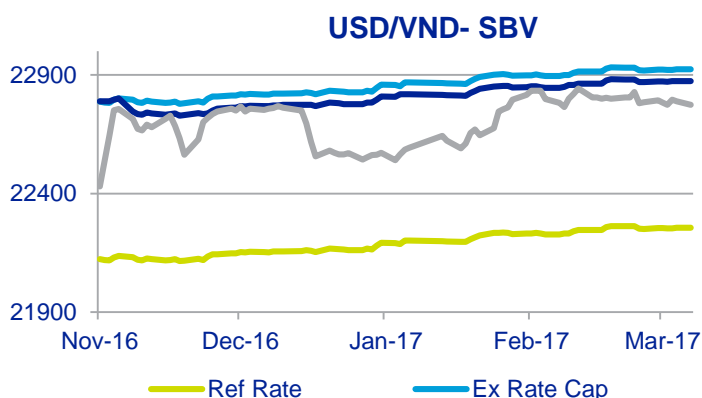
### SOVEREIGN CDS



Source: Bloomberg

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

### FOREX MARKET

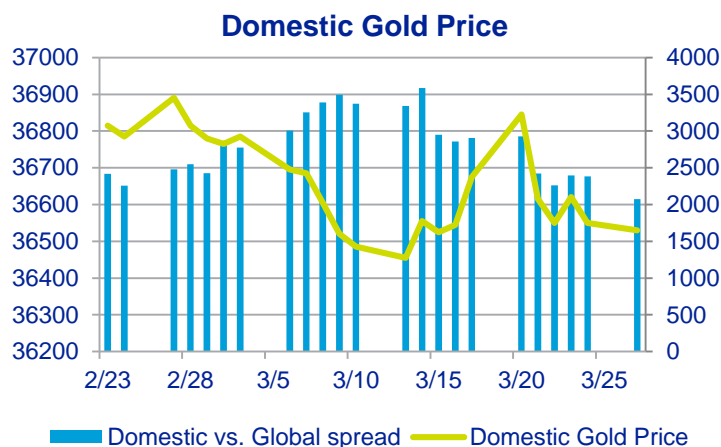
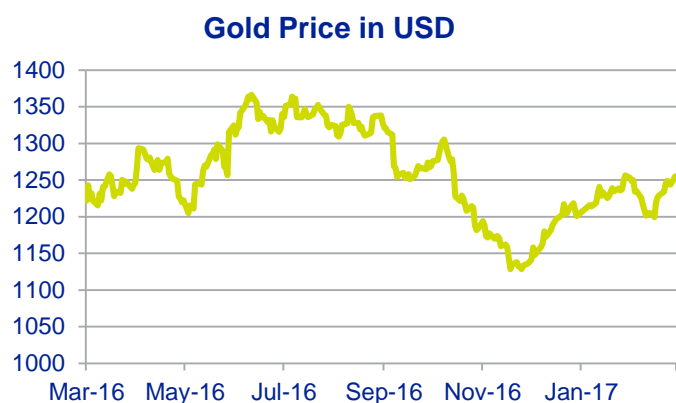


Source: SBV, Bloomberg

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## GOLD MARKET



Source: Bloomberg, ACB.

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## APPENDIX

FX rate	USD		EUR		JPY	
Date	Bid	Ask	Bid	Ask	Bid	Ask
20-Mar-17	22,750	22,820	24,327.24	24,618.02	199.55	203.36
21-Mar-17	22,750	22,820	24,397.38	24,688.99	199.23	203.04
22-Mar-17	22,740	22,810	24,380.48	24,671.92	201.83	205.69
23-Mar-17	22,750	22,820	24,386.67	24,678.17	201.50	205.35
24-Mar-17	22,750	22,820	24,345.96	24,636.97	201.85	205.70
27-Mar-17	22,735	22,805	24,508.47	24,801.44	203.33	207.21

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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