



Money 360

May 10, 2017

Mr. Vi Phuc Tran

05/1/2017 – 05/10/2017

MARKET OVERVIEW

Emmanuel Macron is the new President of France. The result was already accounted beforehand on global market. The EUR is currently retracing from the 6-months high level. Fundamentally speaking, such result represents a more stable prospect for Europe without much optimism, excitement seems to have reached its climax. In other words, with EU remains positively intact, the current economic problems also remain with no visible improvement (yet). Thus their currency is expected to keep retracing for another while.

With uncertainties still hanging from North Korea and the States, but yet to be unfold, currency market reflect a low volatility for US Dollars and Japanese Yen. I would suggest extra considerations when adding investments into those economies. Putting more weight in emerging markets and the UK's assets instead could sustainably reduce the risks if any unpleasant events are to happen.

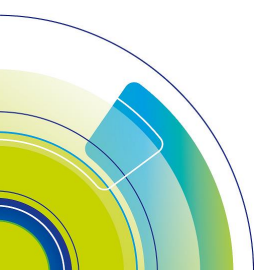
After a week of sluggishness in the bond market, trading volume should be increasing gradually as banking sector's liquidity is improving. Updated on May 9th: Interbank rates fell below 4.5% O/N terms, outstanding OMO fell below VND 15tln for the first time since March. Earlier credit growth appears to have decelerated, which would provide excess funds for fixed income market activities.

Upon the same prospect, Yield curve might become steeper in the next few weeks when the shorter term bonds are back on demand. (With previous shortages of excess funds, financial institution mostly prefers longer term VGBs).

Moving sideways US Dollars created a chance for SBV to purchase more reserves. The target of 3 rate hikes for 2017 from FED is currently an "at most" scenario instead of "at least". Fewer hikes are more likely than vice versa. We are currently anticipated and hedged against any possible currency shocks.

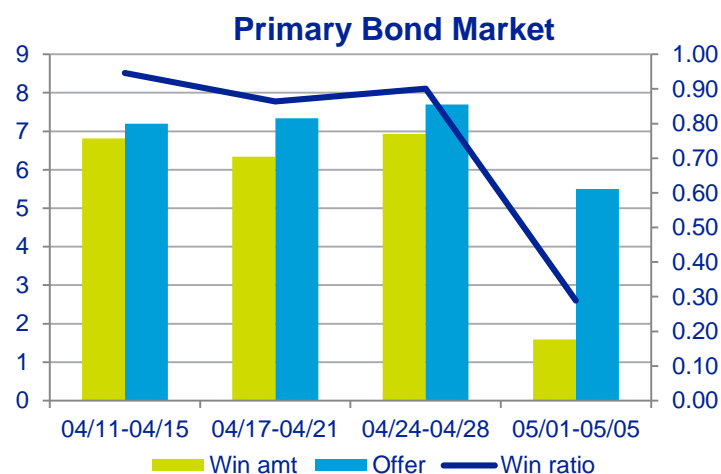
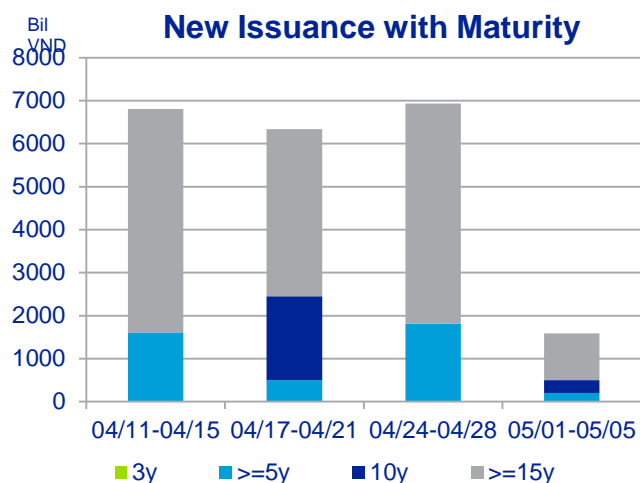
Alongside with that, Xi Jinping is planning to initiate a Chinese-led Globalization by asking 28 world leaders to connect China with Europe, Asia and Africa through infrastructure projects. A modern day Silk Road to be short. Seeing how their economy appears to be recovering (Inflation rate is picking up as well as foreign reserves increased back to USD 3tln). Such ambition to compete head on with the US, though still in its planning phase, is highly possible. China is currently picking up what the US have abandoned, that is free trade and climate change battle.

With all that covered, we wish you another successful trading week, thank you



VGB-GGB MARKET

PRIMARY BOND MARKET



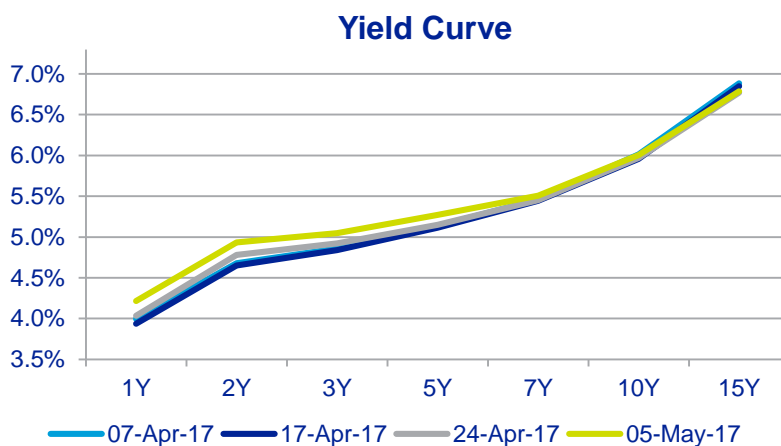
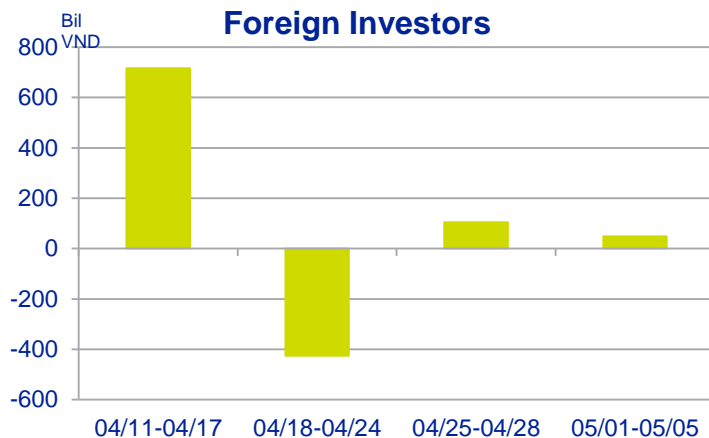
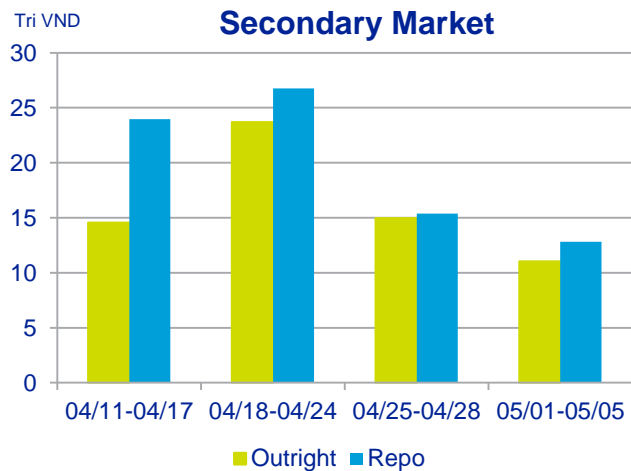
Source: HNX, ACBS

Record low activities from the Hollidays, we should see decent recovery starting from next week, shorter term VGBs might as well be back on demand.

Bond Issuance Schedule This Week

05/08/2017- 05/12/2017				
Issuer	Offer Amount	Issue Date	Maturity	Tenor
State Treasury	1,000,000,000,000	5/11/2017	4/20/2047	30
State Treasury	1,000,000,000,000	5/11/2017	3/23/2024	7
State Treasury	1,000,000,000,000	5/11/2017	5/11/2037	20
State Treasury	1,000,000,000,000	5/11/2017	4/14/2022	5
State Treasury	1,000,000,000,000	5/11/2017	4/20/2047	30

SECONDARY BOND MARKET

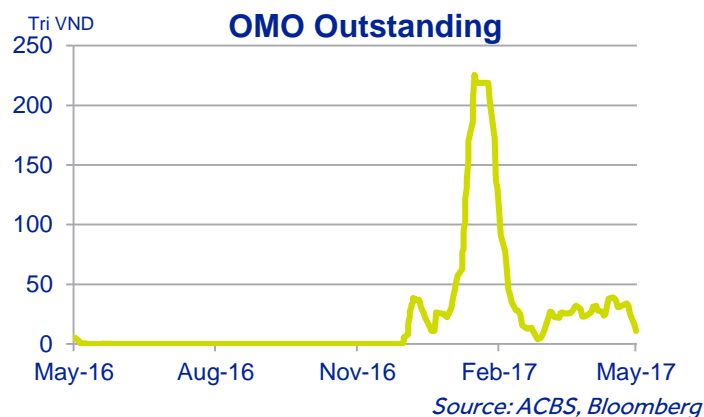
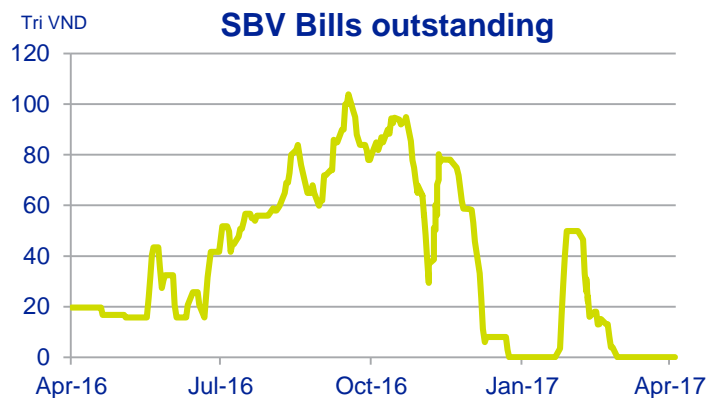
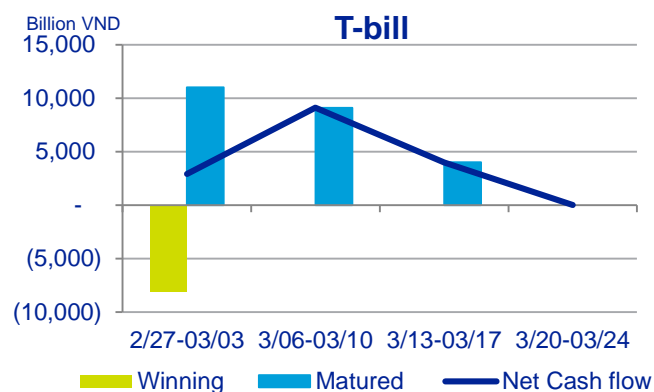
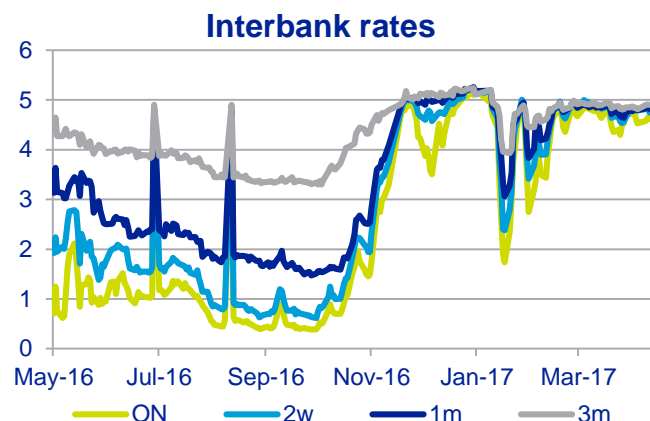


Source: HNX, VBMA, ACBS

Trading volume should be increasing gradually as banking sector's liquidity is improving, starting from next week.

Yield curve might become steeper in the next few weeks when the shorter term bonds are back on demand. (With previous shortages of excess funds, financial institution mostly prefers longer term VGBs).

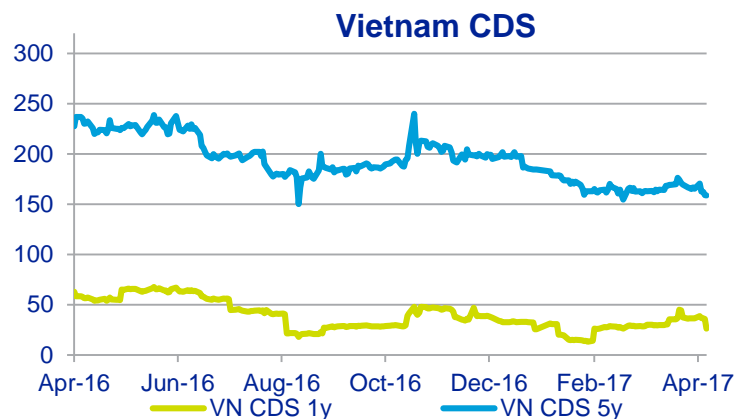
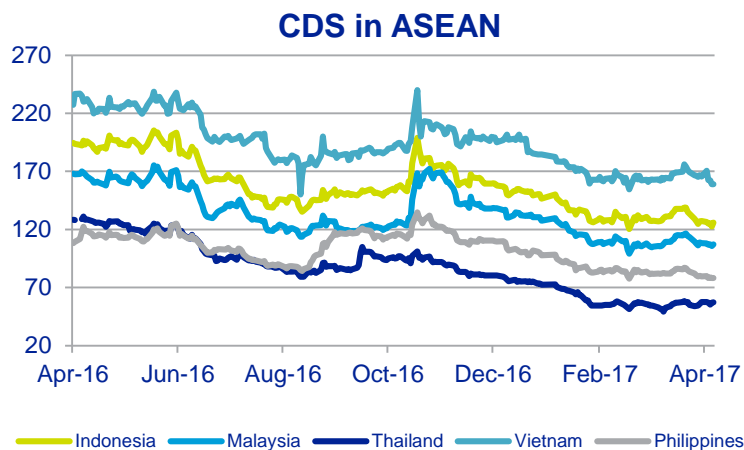
MONEY MARKET



Within the banking sector, liquidity seems to be improving. Updated on May 9th: Interbank rates fell below 4.5% O/N terms, outstanding OMO fell below VND 15tln for the first time since March. Earlier credit growth appears to have decelerated, which would provide excess funds for fixed income market activities.

OTHER MARKETS

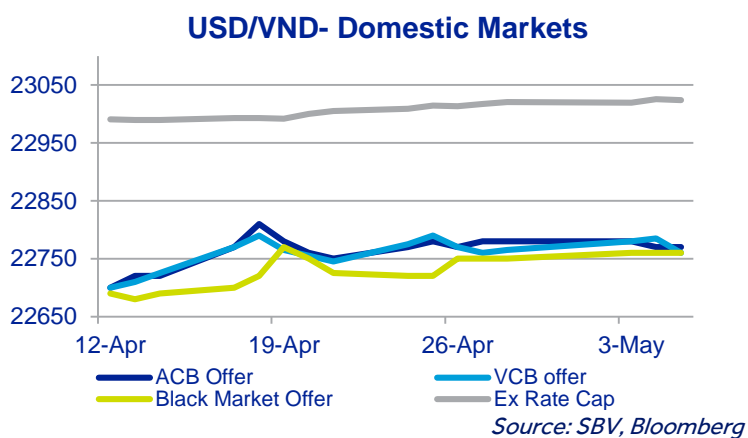
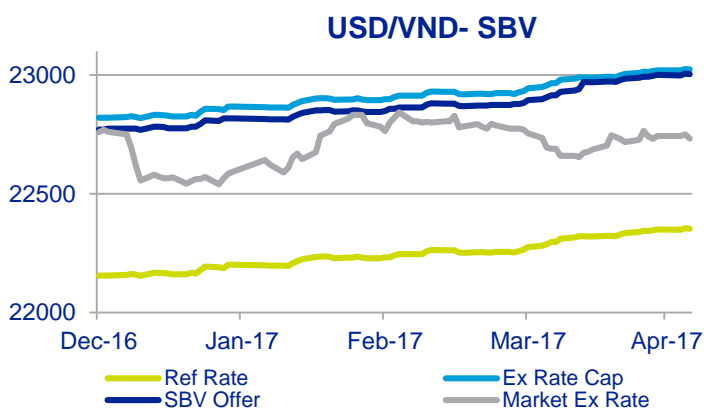
SOVEREIGN CDS



Source: Bloomberg

Not much changes from the CDS perspective, emerging markets and UK economy becomes relatively more attractive due to uncertainties from the US and Korea Peninsula

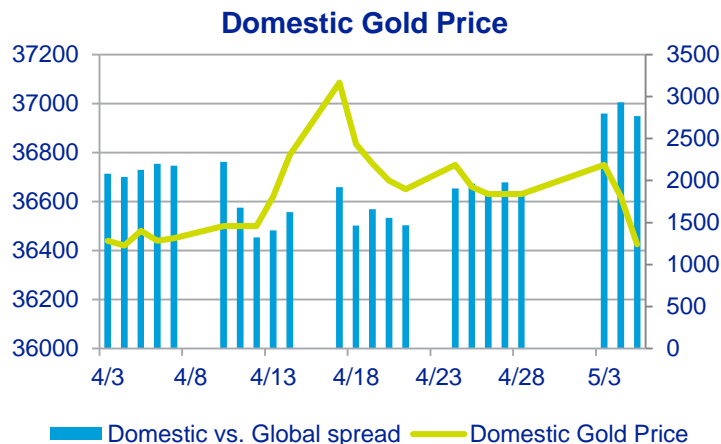
FOREX MARKET



Moving sideways US Dollars created a chance for SBV to purchase more reserves. The target of 3 rate hikes for 2017 from FED is currently an "at most" scenario instead of "at least". Fewer hikes are more likely than vice versa. We are currently anticipated and hedged against currency shocks.

EUR, JPY, USD, CNY are all facing downward pressures, politically.

GOLD MARKET



Source: Bloomberg, ACB.

Gold, even though devalued from the France's election result, hold a bullish drive as safe havens are currently limited. A hedging position is thus advised.

APPENDIX

FX rate	USD		EUR		JPY	
Date	Bid	Ask	Bid	Ask	Bid	Ask
26-Apr-17	22,700	22,770	24,672.54	24,967.50	201.16	205.00
27-Apr-17	22,690	22,760	24,596.26	24,890.31	201.27	205.11
28-Apr-17	22,695	22,765	24,679.73	24,974.79	201.11	204.95
03-May-17	22,710	22,780	24,637.33	24,931.86	199.98	203.80
04-May-17	22,715	22,785	24,595.32	24,889.35	198.82	202.62
05-May-17	22,690	22,760	24,775.81	25,072.01	199.62	203.44

Source: Vietcombank

Deposit Interest Rate	2 weeks	1 month	3 months	6 months	1 year	2 years
03/28/2017	1%	4.90%	5.10%	5.60%	6.30%	6.60%

Source: ACB

CONTACTS

Ho Chi Minh City Head Office

41, Mac Dinh Chi, Dist. 1, Ho Chi Minh City
Tel: (+84 8) 3823 4159
Fax: (+84 8) 3823 5060

Hanoi Office

10 Phan Chu Trinh, HoanKiem Dist., Ha Noi
Tel: (+84 4) 3942 9395
Fax: (+84 4)3942 9407

RESEARCH DEPARTMENT

Manager – Industry Coverage

Uyen Nguyen

(+84 8) 3823 4159 (x303)
uyennp@acbs.com.vn

Associate– Property Truc Pham

(+84 8) 3823 4159 (x303)
trucptt@acbs.com.vn

Associate – Consumer- related, Technology, Seafood

Chi Luong
(+84 8) 3823 4159 (x327)
chiltk@acbs.com.vn

Associate – Industrial, Logistics, Agri, Power

Yen Tran
(+84 8) 3823 4159 (x326)
yentran@acbs.com.vn

Analyst – Oil & Gas Hung Phan

(+84 8) 3823 4159 (x354)
hungpv@acbs.com.vn

Analyst – Property, Plastic, ETF

Hung Vu
(+84 8) 3823 4159 (x323)
hungvq@acbs.com.vn

Analyst – Consumer- related, Technology

Trung Tran
(+84 8) 3823 4159 (x351)
trungtn@acbs.com.vn

Analyst – Industrial, Steel, Sugar

Cuong Nguyen
(+84 8) 3823 4159 (x250)
cuongnt@acbs.com.vn

Analyst – Macro Vi Phuc Tran

(+84 8) 3823 4159 (x250)
phuctv@acbs.com.vn

Analyst– Property, Construction

Hung Cao
(+84 8) 38234159 (x250)
hungcv@acbs.com.vn

INSTITUTIONAL CLIENT DIVISION

Director - Head of Institutional Client

Tyler Cheung

(+84 8) 54 043 070
tyler@acbs.com.vn

Senior Associate Institutional Client

Hung Dang
(+84 8) 3823 4798
hungdm@acbs.com.vn

Senior Associate Institutional Client

Diep Phan
(+84 8) 3823 4159 (x307)
diepph@acbs.com.vn

Manager - Trading Hanh Huynh

(+84 8) 5404 6632
hanhhtm@acbs.com.vn

Trader Hang Nguyen

(+84-8) 38234160
hangnx@acbs.com.vn

Trader Thanh Tran

(+84-8) 54046626
thanhtt@acbs.com.vn

Trader Manh Tran

(+84-8) 54046630
manhtt@acbs.com.vn

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