



Money 360

February 5, 2017

Mr. Vi Phuc Tran

01/25/2017 – 02/03/2017

MARKET OVERVIEW

Seasonally demand during TET Hollidays drove domestic gold price upward, as well as the black market USD price in contradiction to the current global correction of the green note. So far the US dollars proved to be easily affected by the White House owner. The man declared earlier this year that the green note was overvalued and by far exercised orders in the name of protectionism. International markets decided that the excitements since the Election have reached its end. Another drawn down would be the recent job report from the US came out disappointing, FED would thus needs to revise their "2017, 3 rate hikes" target. After all, they promised the same thing back in 2016 and achieved 1/3rd of the promised. Coming FED Rate hikes, only slower that previously anticipated.

BOJ and BOE kept the status quo last week, nothing exciting so far from those economies, Theresa May promised to announce the Brexit course in detail by March. Only till then we would see the Eurozone rocking

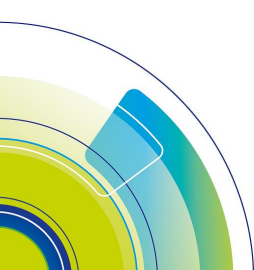
Putting the Oil market under scope, as expected, the US has been sensibly taking advantage of the price increase caused by the OPEC deal. So far this is the outlook: OPEC members and Russia has been either cutting production or freezing the output level, whilst the US has been drilling at their full capacity (based on the latest Crude Inventories Statistics). Ceteris Paribus, the OPEC deal could not have the optimal support on the oil price. The optimism scenario of \$60 barrels thus dimmed.

Domestically, VGB purchases has been rather lively, VND 6.7tln offered last week and 87% absorbed, the best seller was the 20yr tenor, whilst the other terms were also decently- 80%-ish sold. The Secondary market on the other hand was sluggish in terms of volume traded and foreign purchases.

Out of the TET Holliday, USD/VND rates and gold are expected to cool off, with domestic gold price dropping strongly, O/N interbank rates already easing as we speak and upcoming possible higher interest rates for 2H 2017 from fundamental- international anticipated views.

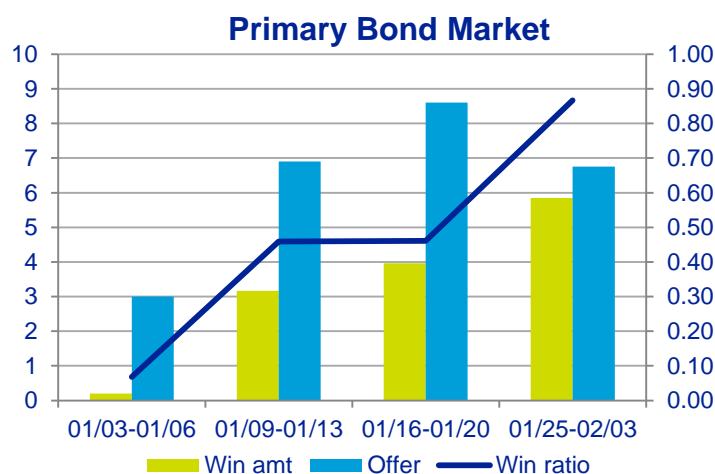
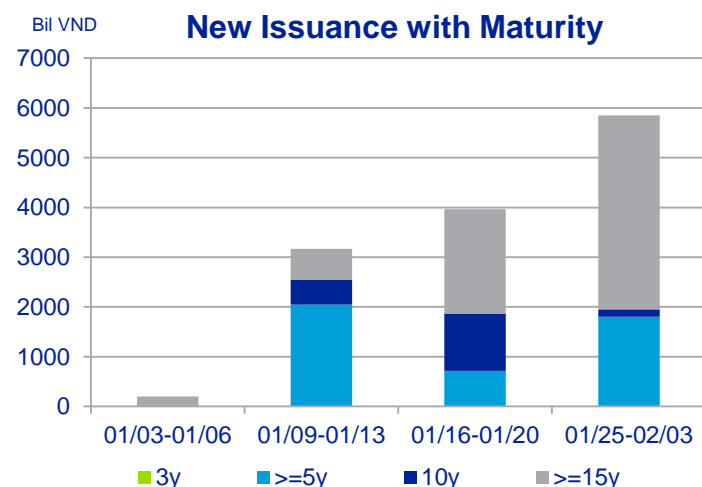
Please pay attention to the US and their infamous President.

Happy New Year and Best Regards



VGB-GGB MARKET

PRIMARY BOND MARKET



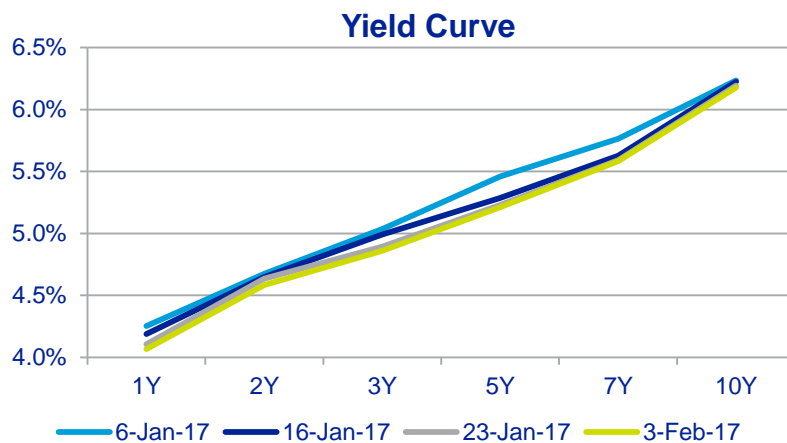
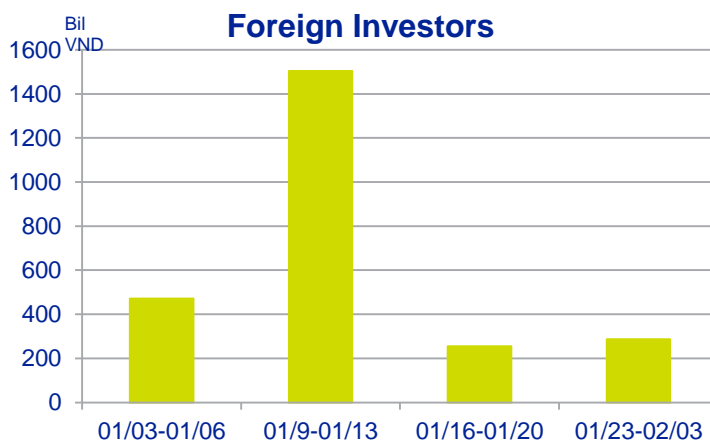
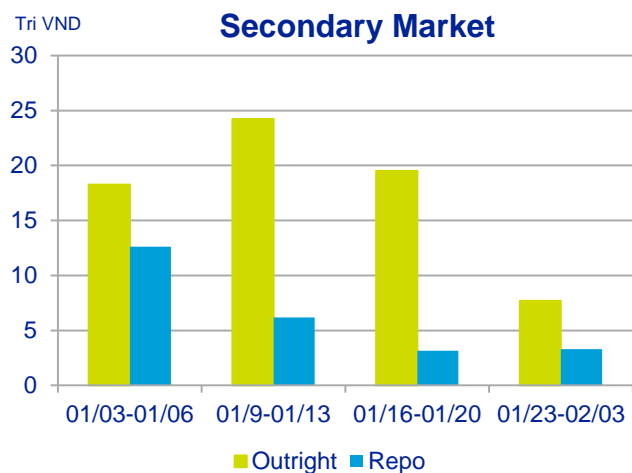
VGB purchases has been rather lively, VND 6.7tln offered last week and 87% absorbed, the best seller was the 20yr tenor, whilst the other terms were also decently- 80%-ish sold.

Bond Issuance Schedule This Week

02/06/2017- 2/10/2017

Issuer	Offer Amount	Issue Date	Maturity	Tenor
State Treasury	2,000,000,000,000	2/9/2017	1/12/2024	7
State Treasury	3,000,000,000,000	2/9/2017	1/12/2022	5
State Treasury	1,000,000,000,000	2/9/2017	1/12/2047	30
The Vietnam Development Bank	1,500,000,000,000	2/8/2017	2/8/2027	10
The Vietnam Development Bank	2,000,000,000,000	2/8/2017	2/8/2022	5
The Vietnam Development Bank	500,000,000,000	2/8/2017	2/8/2032	15

SECONDARY BOND MARKET

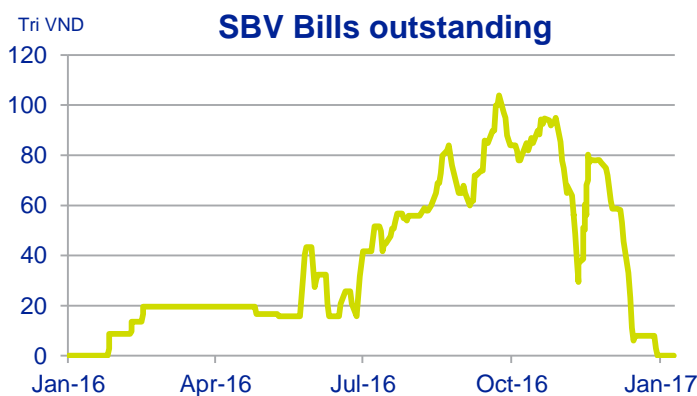
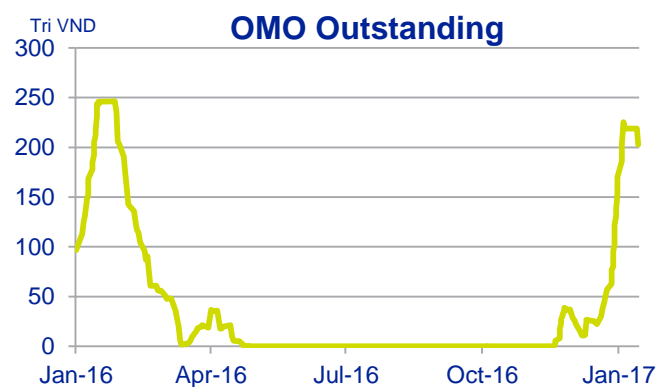
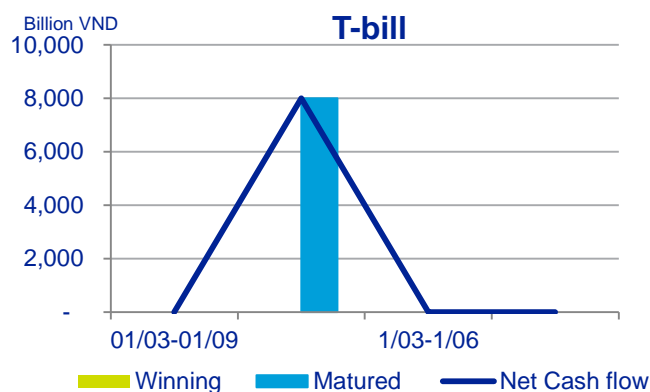
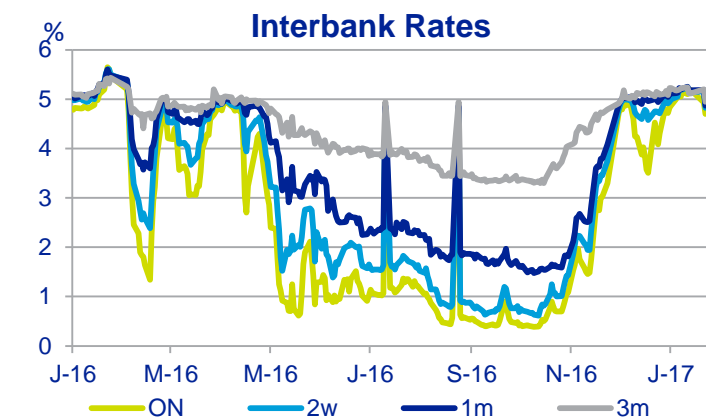


Source: HNX, VBMA, ACBS

The Secondary market on the other hand was sluggish in terms of volume traded and foreign purchases.

Fundamentally, Vietnam is deemed a decent long term investment, reflected by the yield curve.

MONEY MARKET



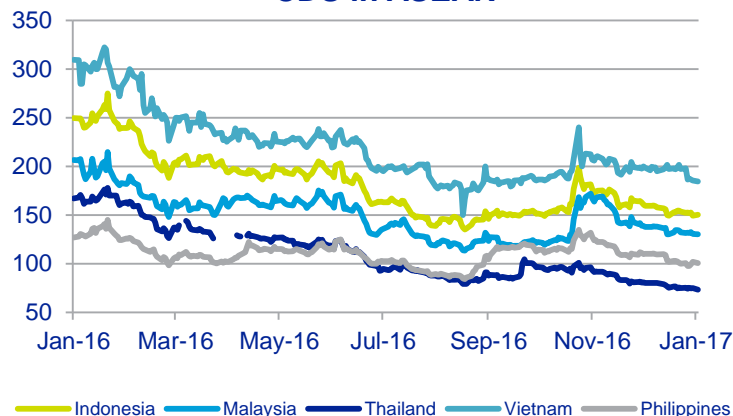
Source: ACBS, Bloomberg

Interestingly, outstanding OMO peaked at VND 225 tln versus VND 250tln YoY, also cooled off with a shorter time. Updated on Feb 3rd, OMO has stopped trading, we might see SBV bills recover trading starting next week.

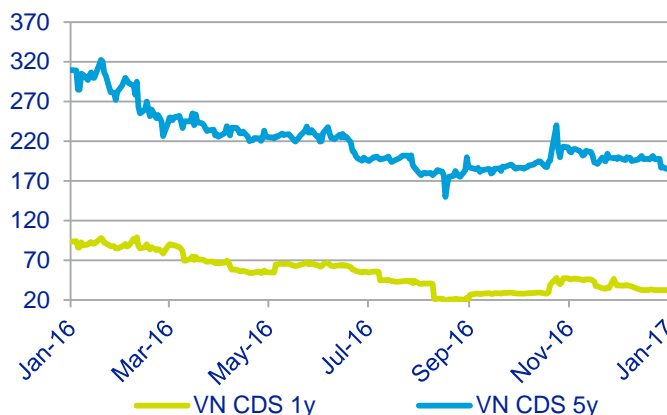
OTHER MARKETS

SOVEREIGN CDS

CDS in ASEAN



Vietnam CDS

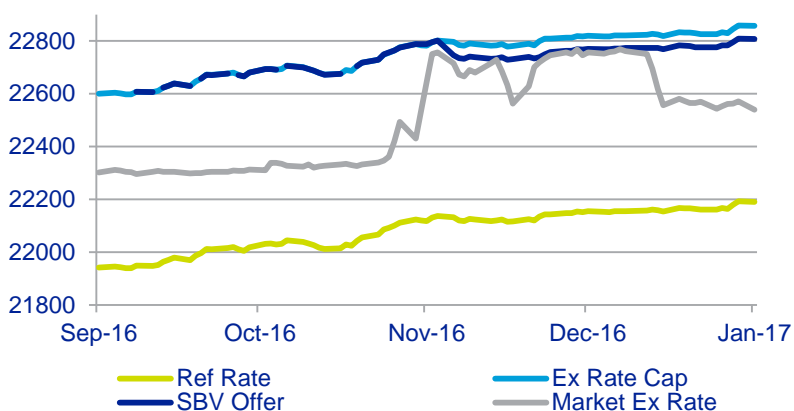


Source: Bloomberg

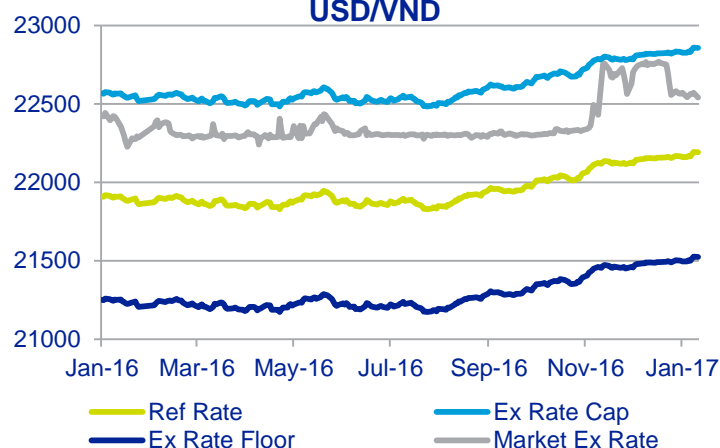
Improving CDS in the region and specifically in Vietnam, they are approaching their Pre- US Election levels

FOREX MARKET

USD/VND



USD/VND

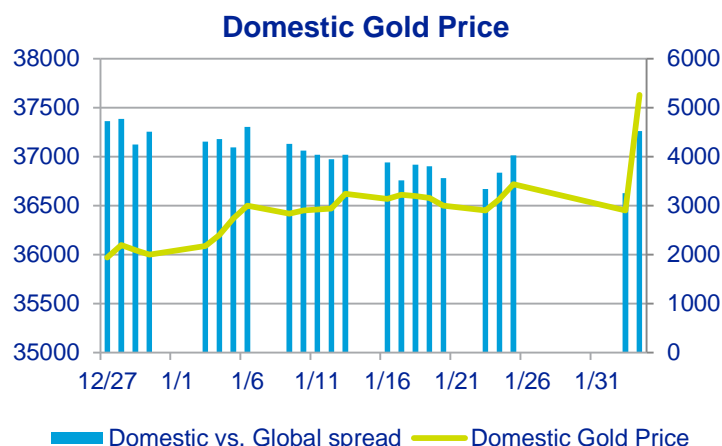
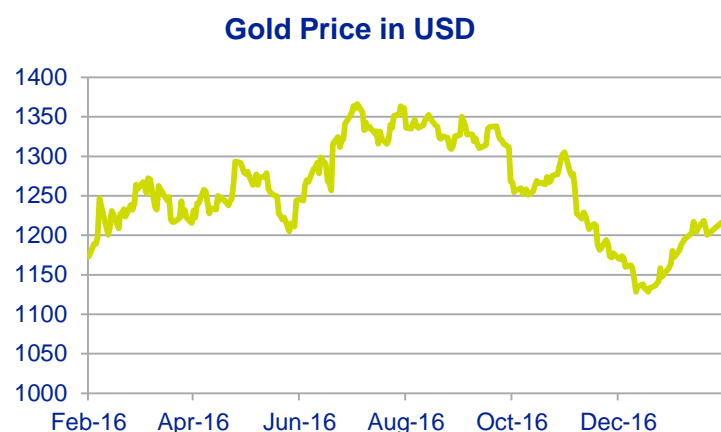


Source: SBV, Bloomberg

Seasonal demand for TET Holliday drove domestic USD/VND exchange rate temporarily upward, revert is anticipated for this week.

FED would poised to hike their rates more slowly due to the recent disappointing Jobs data, it is inevitable for a higher USD/ VND exchange rate regardless, also more manageable for the SBV.

GOLD MARKET



Source: Bloomberg, ACB.

As ever, gold is the safe haven for investors and there're always be demands for it. Try not to benefit from gold domestically though, prices skyrocketed during the holidays and should be slumping detrimentally within the next few weeks.

APPENDIX

FX rate		USD		EUR		JPY	
Date		Bid	Ask	Bid	Ask	Bid	Ask
1/23/17		22,515	22,585	24,050.80	24,338.50	195.71	199.45
1/24/17		22,530	22,600	24,062.37	24,350.19	196.65	200.41
1/25/17		22,560	22,630	23,896.16	24,484.16	194.33	200.52
2/2/17		22,620	22,690	24,300.57	24,591.17	198.50	202.29
2/3/17		22,585	22,655	24,153.86	24,442.74	197.11	200.87
1/23/17		22,515	22,585	24,050.80	24,338.50	195.71	199.45

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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