



Money 360

January 3, 2017

Mr. Vi Phuc Tran

12/26/2016 – 12/30/2016

MARKET OVERVIEW

Trading sessions around New Year Holiday has the tendency of being sluggish. Nothing much happened since Christmas Eve. Here's the initial guidelines for what to comes:

Deputy PM Vuong Dinh Hue announced December 28th: The VGB issuance plan for 2017 to be VND 250 tln against VND 281tln of 2016. GDP growth targeted at 6.7% and average inflation around 4% YoY. Looking back to the Economy's 2016 performance, GDP grew for 6.21%, inflation was 4.74% YoY, 2017 economic target thus seems to be rather tight when considering the current global outlooks.

Last VGB Issuance came out disappointing, with VND 456bln won against VND 5.5 tln issued. Domestically speaking, bonds was a less attractive investment. This week scheduled issuance of VND 3tln would give us a better perspective.

On the secondary market however is a recovery of transaction value and foreign purchases (VND 600 bln foreign). As stated before, the expectations for Vietnam longer terms growth remains high, evidenced by the stability of longer term yields and the fluctuations (and recovery) of shorter term yields. The sustainability of foreign investor purchases needs to be viewed closely for the next few weeks however.

Outstanding T-Bills and OMO are at their considerable low levels (VND 6tln and VND 11tln respectively) when compared YTD, outstanding OMO was 68tlns back in December 2015 and T bills was fully matured around the same period. Interbank rates also cooled off to 3.5% last checked against 4.7%-5% range back in 2015. Depository institutions are hoarding up funds between themselves, we might see impressive credit growth for Q4 2016 or Q1 2017 a

SBV's offer price for USD/ VND remains lower than the ceiling (VND 50 instead of the usual zero gap) and nearly on par with free market USD price. The moment they do, we would either see the domestic currency slide (beneficial for exports) or foreign reserves to kick in until domestic speculation on USD eased off (already showing signs of easing).

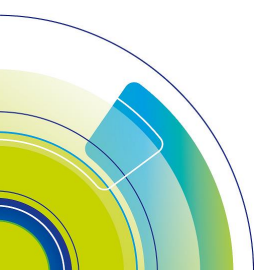
Adding that to the unstable outlook for EU regions (Brexit currently on process, frequent terrorist attacks- Istanbul suffered 39 casualties on new year's eve) as well as China's economy losing its steam. Ceteris Paribus: USD wont devalue anytime soon.

Gold, VND 4.5mln/ ounce spread between domestic and international prices. The major correction for Domestic Gold Price is foreseeable **once the pressure on USD/ VND rate reduced**. So it is wise to stay off Gold in domestic market

Head ups for precaution purposes:

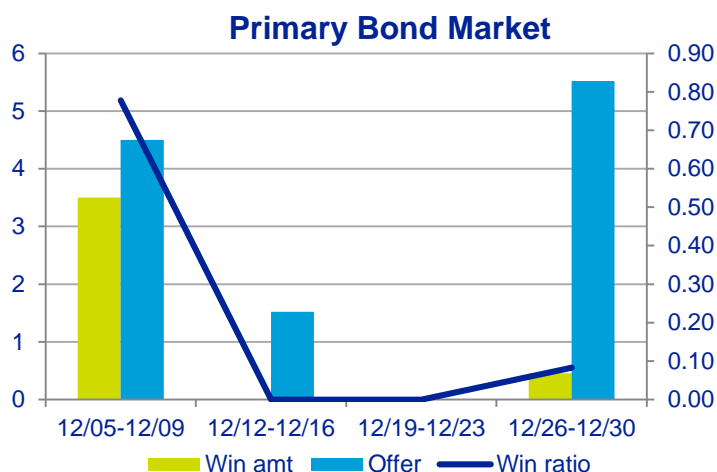
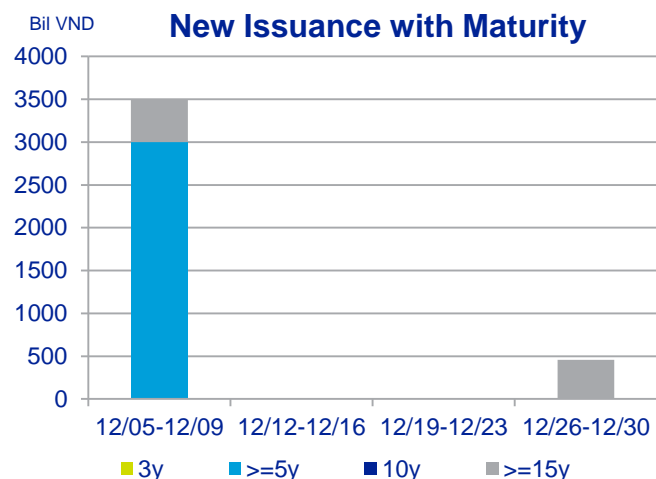
Though slightly, the USD contains reversal risks. The recent rallies are mostly caused by expectations of a Donald Trump Policy driven US economy along with Yellen's announced positive economic outlook for the US. A violent correction in Trump's disappointments (if any) would be more tremendous if he were to default on his promises and policies. His first remark as the head of the Whitehouse is January 20th.

With all that, best of lucks for you. May 2017 will be a prosperous year



VGB-GGB MARKET

PRIMARY BOND MARKET



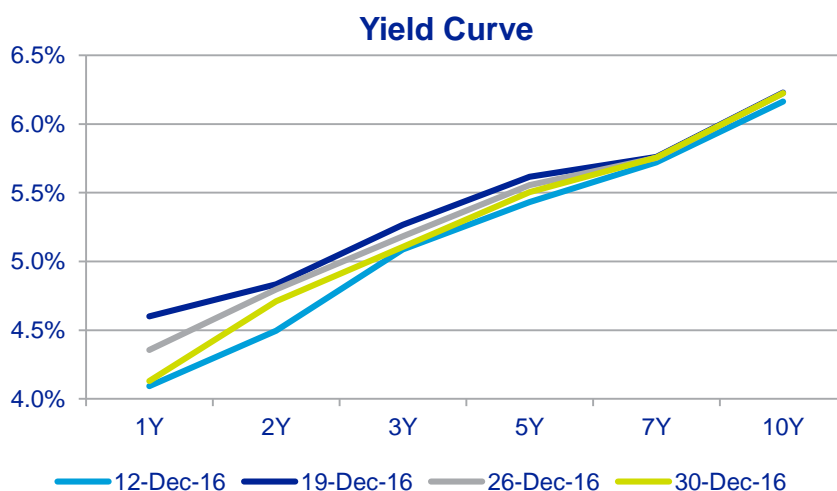
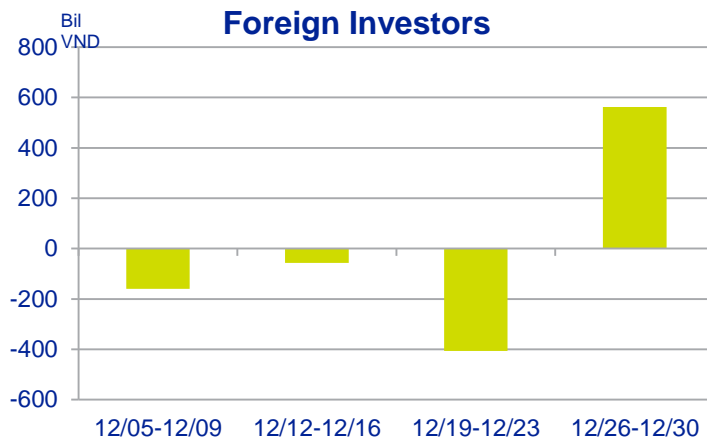
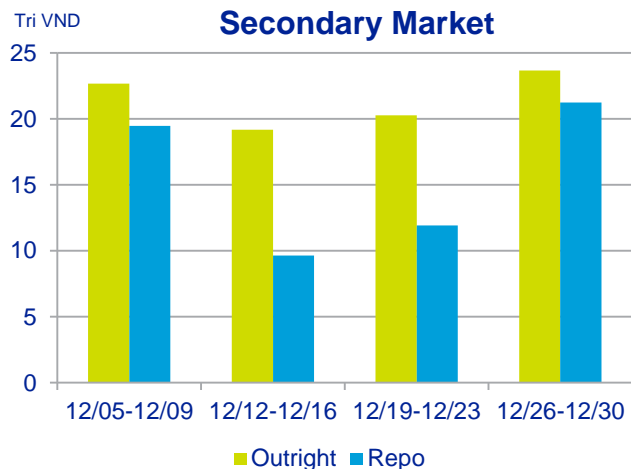
Source: HNX, ACBS

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Bond Issuance Schedule This Week

1/2/2017- 1/6/2017				
Issuer	Offer Amount	Issue Date	Maturity	Tenor
State Treasury	1,000,000,000,000	05/01/2017	05/01/2032	15
State Treasury	2,000,000,000,000	05/01/2017	05/01/2022	5

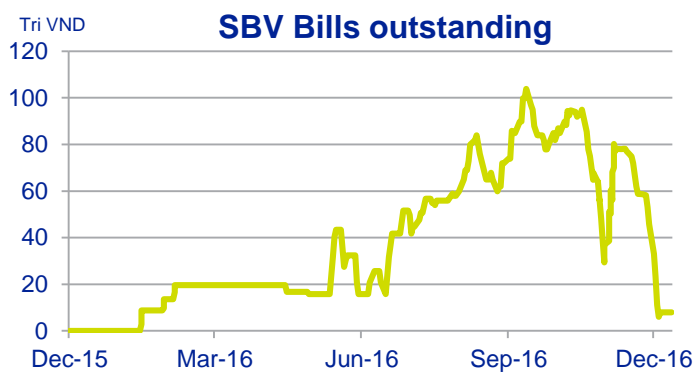
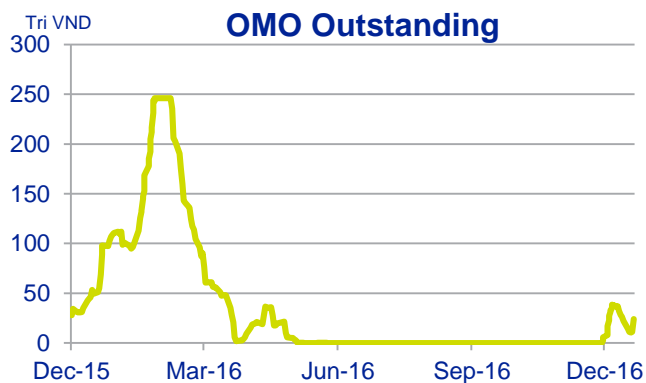
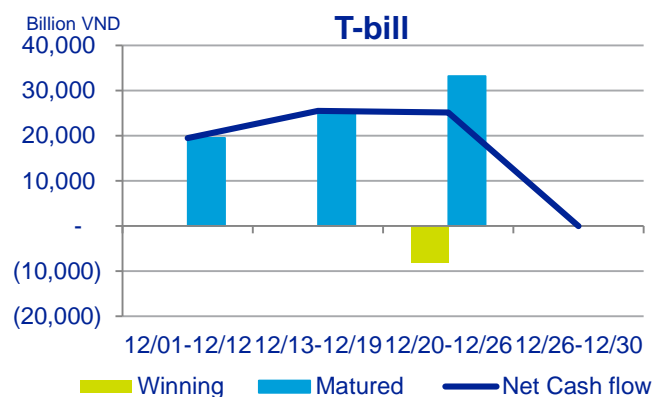
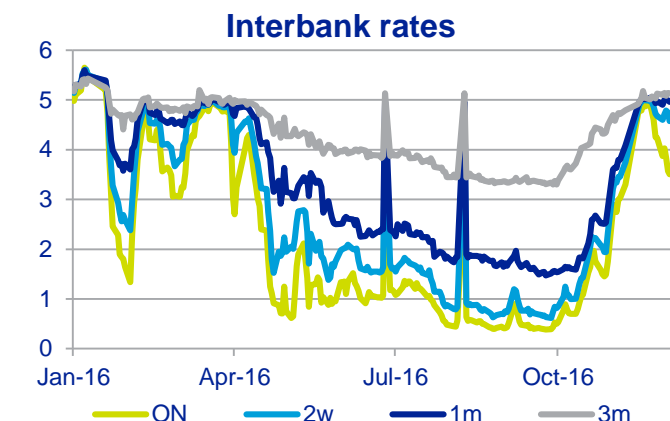
SECONDARY BOND MARKET



Source: HNX, VBMA, ACBS

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MONEY MARKET



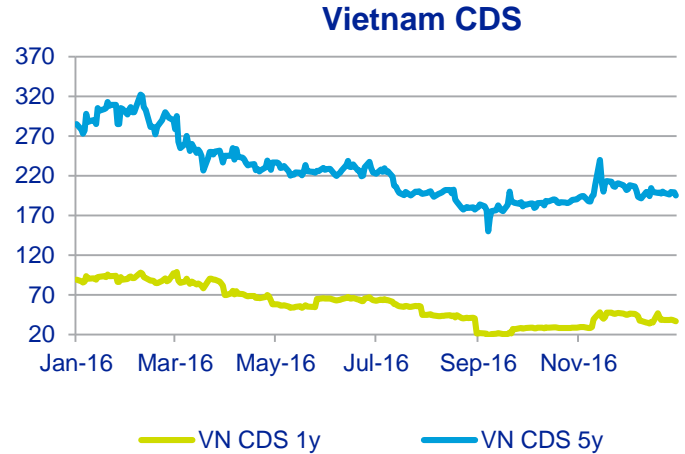
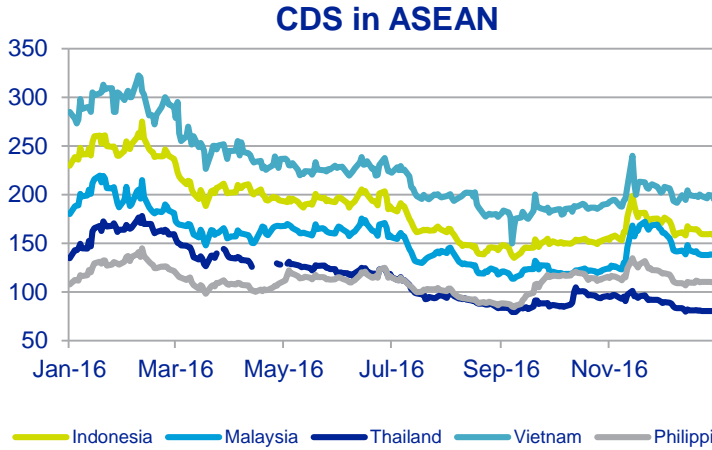
Source: ACBS, Bloomberg

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OTHER MARKETS

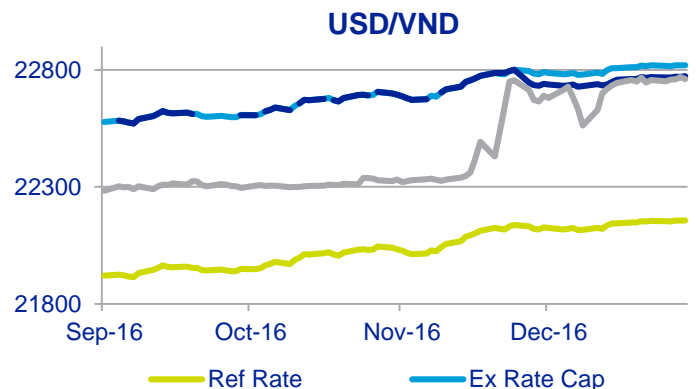
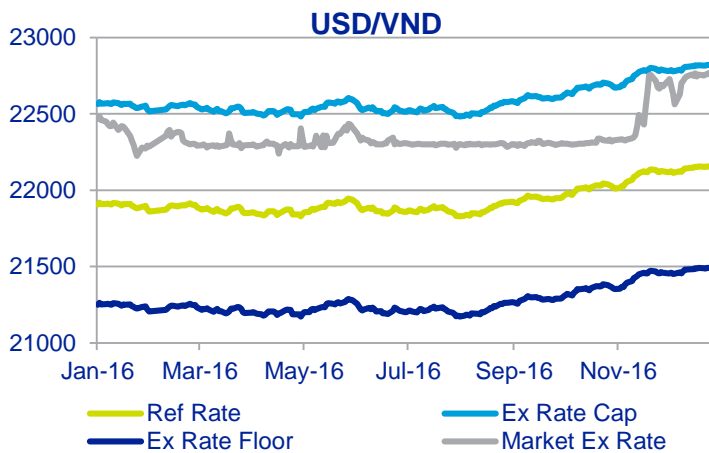
SOVEREIGN CDS



Source: Bloomberg

From the CDS perspective, the whole ASEAN region is now tracing back to pre- US election levels. The fundamental attractiveness is still there, only dimmed by a brighter contestant, which you already knew.

FOREX MARKET



Source: SBV, Bloomberg

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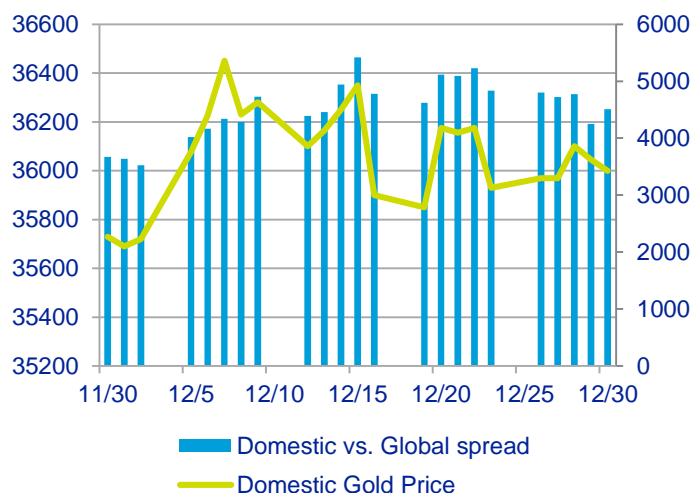
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GOLD MARKET

Gold Price in USD



Domestic Gold Price



Source: Bloomberg, ACB.

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APPENDIX

FX rate	USD		EUR		JPY	
Date	Bid	Ask	Bid	Ask	Bid	Ask
1/3/17	22,720	22,790	23,634.05	23,927.09	191.12	194.86
12/30/16	22,715	22,785	23,803.74	24,247.62	191.49	196.43
12/29/16	22,730	22,800	23,639.01	23,921.58	192.63	196.31
12/28/16	22,720	22,790	23,660.26	23,943.09	190.70	194.34
12/27/16	22,720	22,790	23,599.25	23,881.35	191.14	194.79
12/26/16	22,720	22,790	23,630.88	23,913.37	191.64	195.31

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

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

Director – Head of Research

Anh Le

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

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

**Senior Trader
Ngoc Dinh**

(+84 8) 5404 6626
ngocdtt@acbs.com.vn

**Trader
Nghia Le**

(+84 8) 3823 4160 (x311)
nghialta@acbs.com.vn

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