



Money 360

January 24, 2017

Mr. Vi Phuc Tran

01/17/2017 – 01/23/2017

MARKET OVERVIEW

The Inauguration Ceremony of Donald Trump came out disappointing, with nothing unexpected, the recent Trump trades began reverting from investor's skepticism. US Treasuries and Gold recovered, and the green note depreciated against all currencies, more solid confirmations needed from the new President for markets to enforce their Pro- Trump trends. Otherwise, the past two months' trends could become merely human's overreaction. Until then, the New Owner of the White House remains perfectly capable of creating financial earthquakes via Twitter and irregular phone calls.

With earlier today's signature on the TPP- Withdrawing of the US, it seems that the benefits from the agreement for Vietnam has been neglected, an alternative opportunity would be the RCEP (TPP- replacement hosted by China- Excluding the US) which would essentially bring the same economic prospects, the possible Russia- hosted agreement as well as bilateral pact with the US would be equally (if not slightly) beneficial. The future geopolitical, and politic/ military disputes with China without US supports is rather concerning though. Then again, it is another story.

With luck, Donald Trump would aggressively and hastily push through is promised policies on Tax and Labor market, and the FED would need to be hawkish accordingly. The green note would strengthen inevitably. All of these would result in a higher borrowing rate for Vietnam. No current significant signs for this, we may have to wait till 2H 2017.

For the moment, seasonal factors kicking in, interbank rates exceed 5% on all terms whilst outstanding OMO skyrocketed through the week, up to VND 200 tln on Monday. Tet Holiday's around the corner, and banks are issuing consumption credits. The strains on fund shortage is expected to ease off in February.

Bond market recovered with VND 3.9 tln issued, full absorption in 20Y tenor. For 2017, the VGB Issuance target remains at VND 250tln, and the **borrowing rates are expected to increase in 2017 from the top down perspective.**

USD/ VND Exchange rate stabilized (black market price increased seasonally- demands for Tet Holiday lucky money), For supporting the domestic currency, SBV increased their purchase price for the green note up to VND 22.575 For that, the concerns regarding national reserves eased away along with the exchange risks for foreign investors, we can expect better foreign investment flows for upcoming periods. Meanwhile, domestic gold price is moving in sync with international price (VND 3.2 mln/ ounce gap).

US Crude Inventory came out increased, Oil futures would not have high prospect at this rate.

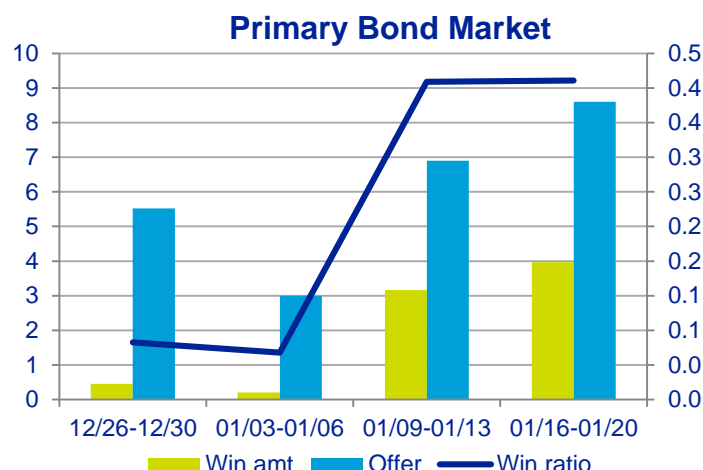
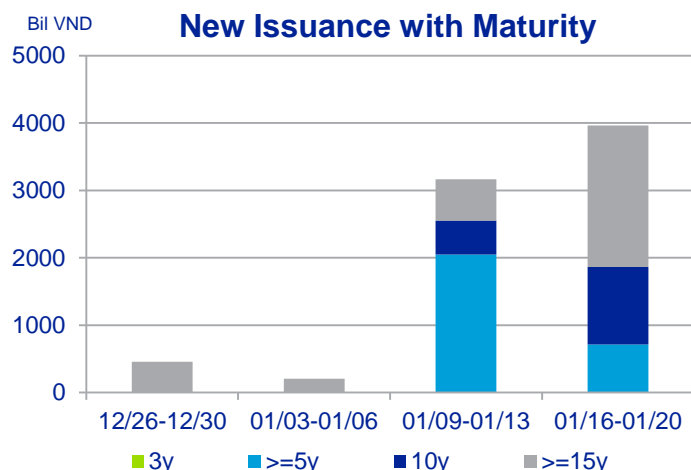
For that, we wish you a Happy Holidays

Best regards

P/s: The next report would be issued on Monday, Januray 6th, thank you

VGB-GGB MARKET

PRIMARY BOND MARKET



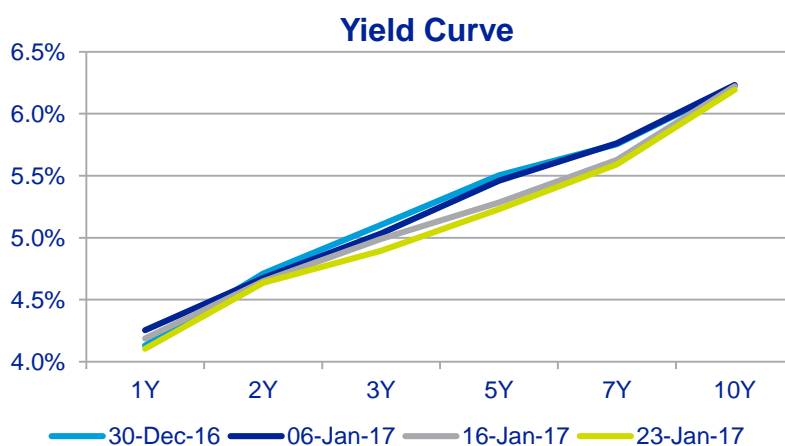
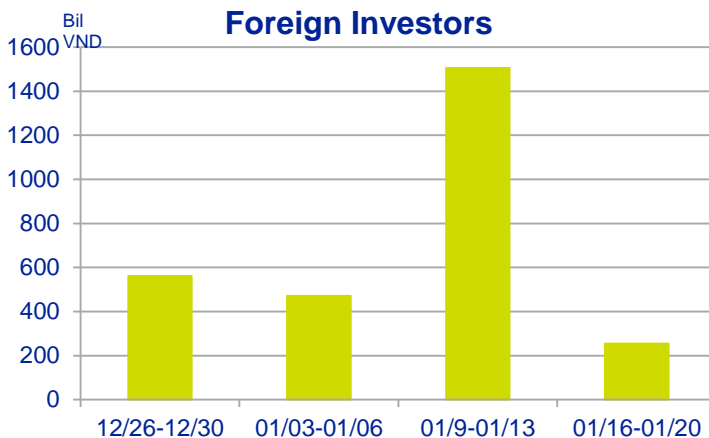
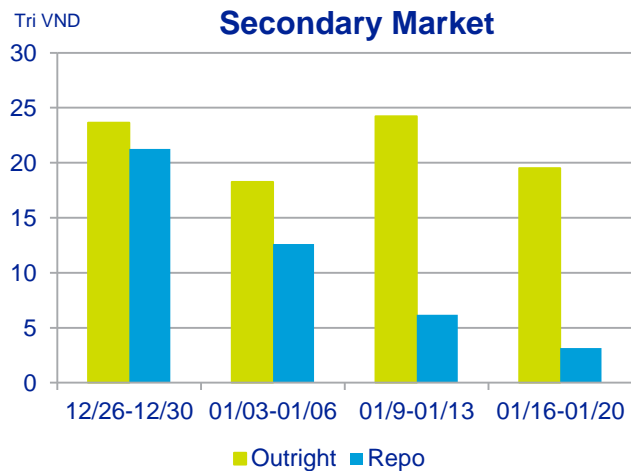
Source: HNX, ACBS

Bond market recovered with VND 3.9 tln issued, full absorption in 20Y tenor. For 2017, the VGB Issuance target remains at VND 250tln, and the **borrowing rates are expected to increase in 2017 from the top down perspective.**

Bond Issuance Schedule This Week

1/23/2017- 2/06/2017				
Issuer	Offer Amount	Issue Date	Maturity	Tenor
TD1722377	State Treasury	2,000,000,000,000	02/02/2017	12/01/2022
TD1737406	State Treasury	1,500,000,000,000	02/02/2017	19/01/2037
TD1732401	State Treasury	2,000,000,000,000	02/02/2017	05/01/2032
BVBS17052	Vietnam Bank for Social Policies	200,000,000,000	24/01/2017	24/01/2027
BVBS17023	Vietnam Bank for Social Policies	300,000,000,000	24/01/2017	24/01/2022
BVBS17083	Vietnam Bank for Social Policies	300,000,000,000	24/01/2017	24/01/2032

SECONDARY BOND MARKET

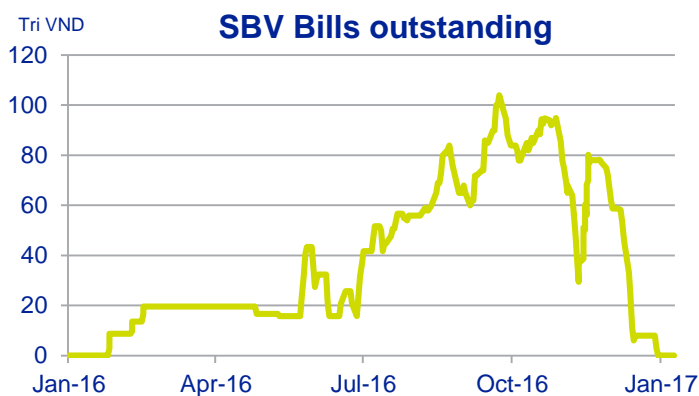
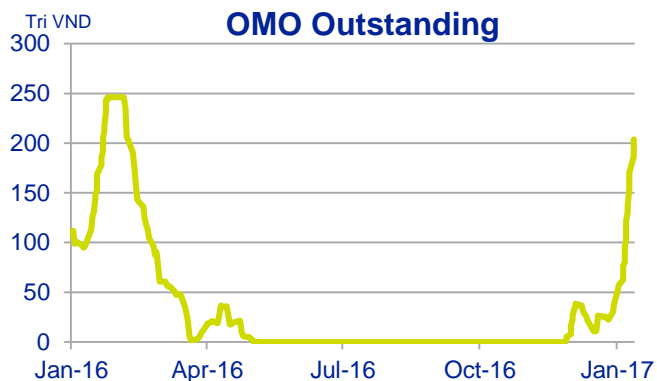
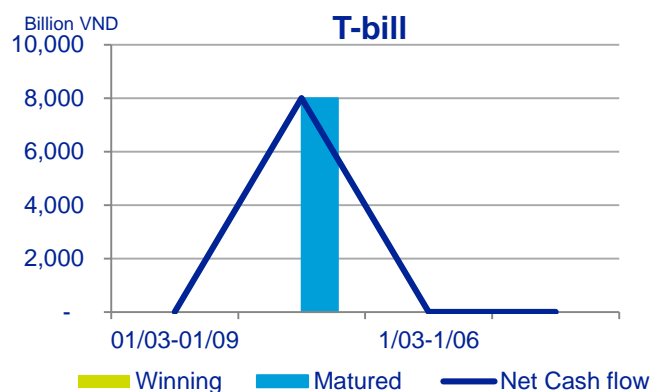
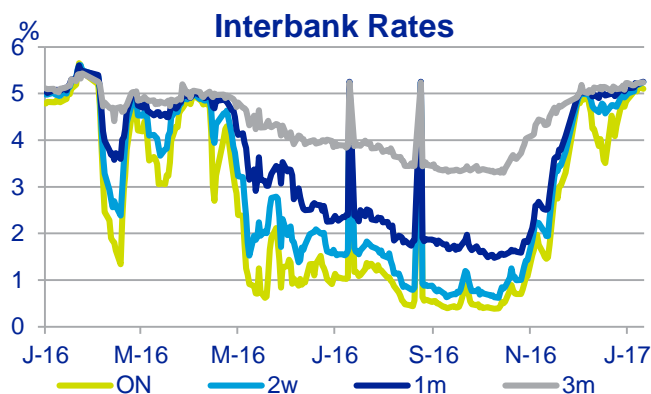


Source: HNX, VBMA, ACBS

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 (inclined slightly in shorter terms last week).

Medium term yield also reflects a decent purchase.

MONEY MARKET

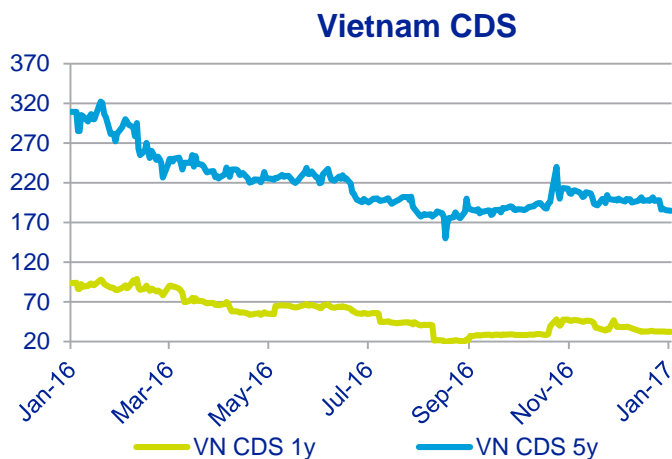
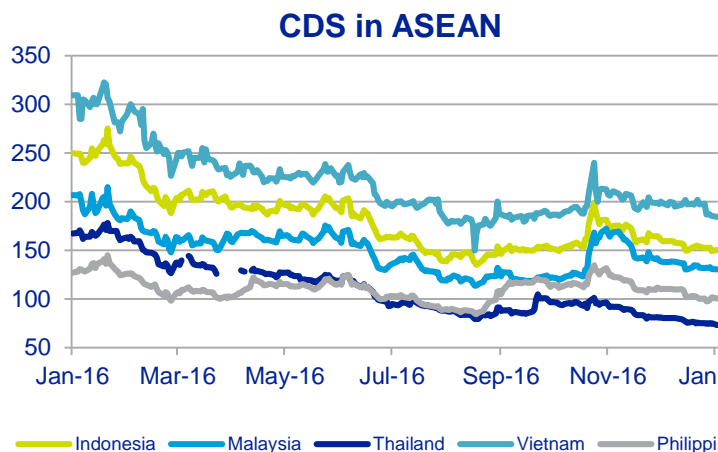


Source: ACBS, Bloomberg

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OTHER MARKETS

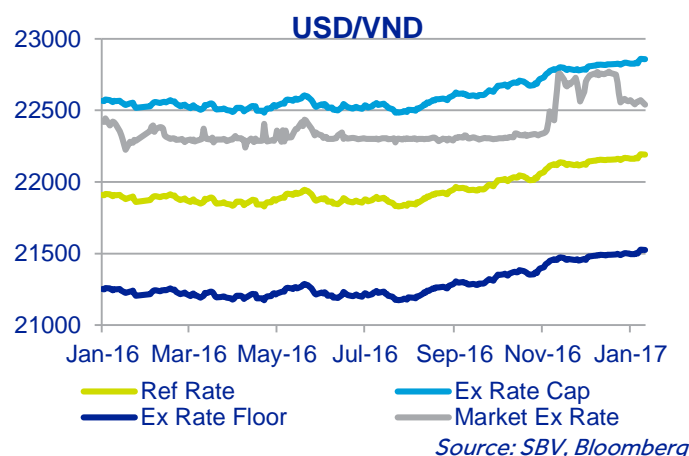
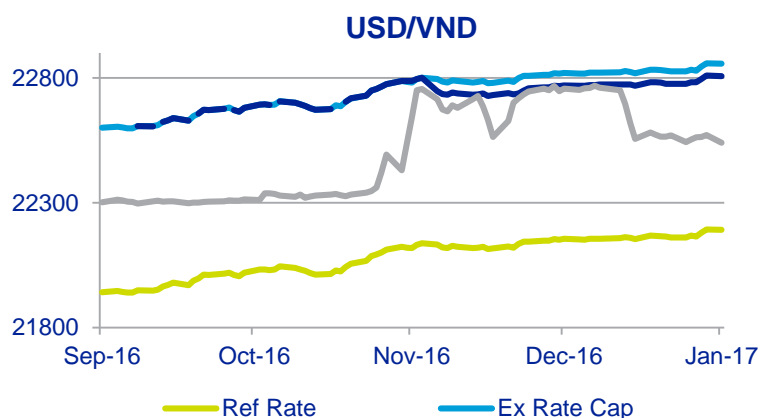
SOVEREIGN CDS



Source: Bloomberg

Nothing new from the CDS aspect, ASEAN region and Vietnam still an attractive investment.

FOREX MARKET



Source: SBV, Bloomberg

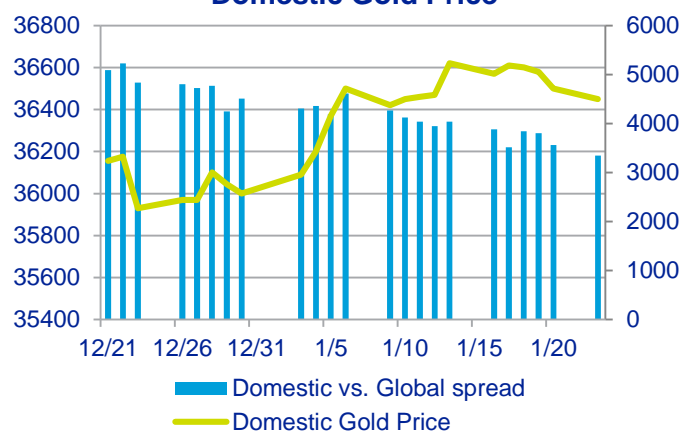
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GOLD MARKET

Gold Price in USD



Domestic Gold Price



Source: Bloomberg, ACB.

Meanwhile, domestic gold price is moving in sync with international price (VND 3.2 mln/ ounce gap). **It is still risky to invest in domestic gold.**

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
1/20/17		22,520	22,590	23,881.52	24,167.19	193.69	197.39
1/19/17		22,530	22,600	23,853.22	24,138.54	193.70	197.40
1/18/17		22,535	22,605	23,948.11	24,234.57	196.65	200.41
1/17/17		22,535	22,605	23,859.93	24,145.34	196.07	199.82
1/16/17		22,535	22,605	23,806.97	24,091.75	194.60	198.33

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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