



Money 360

March 21, 2017

Mr. Vi Phuc Tran

03/13/2017 – 03/20/2017

MARKET OVERVIEW

Oddly enough, last week decisions from FED, BOJ and BOE came out as expected, yet the initial results were controversial.

Facts: BOJ and BOE remained flat, whilst FED increased their borrowing rate by 0.25%, up to 1%. Yet the Green Note dropped remarkably, it seems that the speculative sentiment was overwhelming the fundamentals. Still, sentiment is a strong factor, combine with the exponential momentums from large scale quant trading orders they can drive the market astray from the equilibrium for a while, it is a matter of time before the USD reaches its advance stage though.

There are things that can quicken the process:

US Corporate tax cuts from the US: Donald Trump on his latest speech was too focused on criticizing and promising to replace the Obamacare. The fiscal policy would enhance the green note even if turns out slightly disappointing due to speculative sentiments. The actual implementation date is unclear though as Donald Trump would first target the Health Care Policy (as in his most recent speech). So no tax cuts just yet, not until the Healthcare policy has been dealt with.

Europe Elections: Netherland result turned out favorably for the EU union when Mark Rutte's Liberals won (He was known to favor Netherland to stay within EU). This created positive "hopes" for the next elections in France and Germany later on this year. The EUR went up against the USD in expectations that the next elections could turn out the same scenario when EU-Independency is not mentionable. If by any chance a "Independent from EU" candidates got elected, it could start the stumble of the Euro. With Brexit procedures kicking in by the end of this month, and the risk of the EU collapse. I'm holding a bearish view for the Euro. Please beware of a potential slump of the currency, especially when both the Euro and the Sterling are currently trading at an eerily high price against the USD.

Upon Oil market. Seems that the market support from the OPEC deal has been neutralized by the boost of US crude productions. Last checked oil price reverted back to its pre-deal levels. In the prospect that the Deal would soon expires in June, a renewal would only happen if the US takes participation and halt their productions along with other oil producers. Else I am skeptical about the survivability of the Oil market. Frankly speaking, the OPEC would not come up with another production cut agreement when non-members are taking advantages of the higher price and taking their market shares.

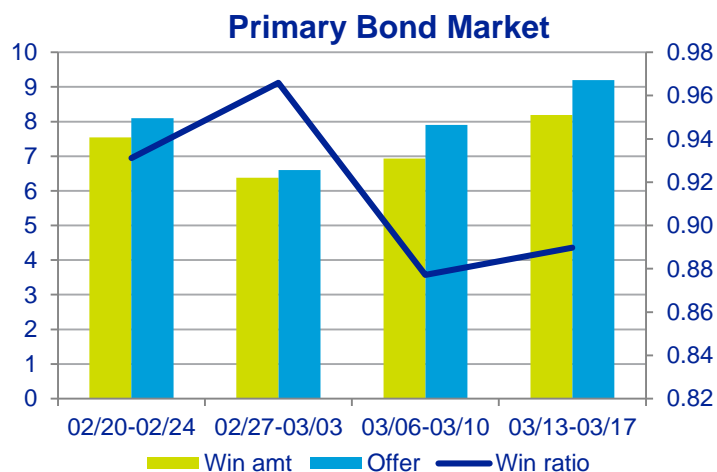
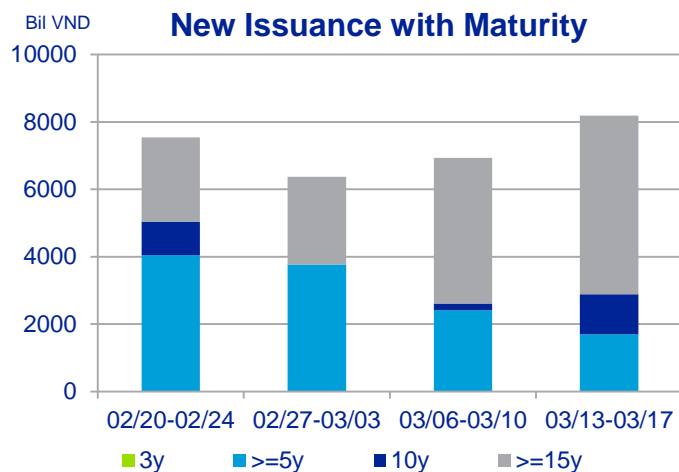
With the global situation as it is. Emerging markets' equities and bonds were in the favor for the past 3 weeks, and possibly until late April when the EU elections starts to rock the markets

Back to Vietnam. We saw a 3-weeks-in-a-row net bond purchase from foreign investors (VND 1.3tln) and a slight domestic sell off in shorter term bonds- based on the yield curve. The economic outlook for Vietnam is positive on medium term, it is shorter terms that became unattractive due to better competitors.

SBV took their time off last week with barely any change in USD/ VND reference price. Considering the current relatively cheaper USD, they might increase their reserve purchase in the next few weeks. The confirmation would be the fall of interbank rates (currently at 4.7% O/N)

VGB-GGB MARKET

PRIMARY BOND MARKET



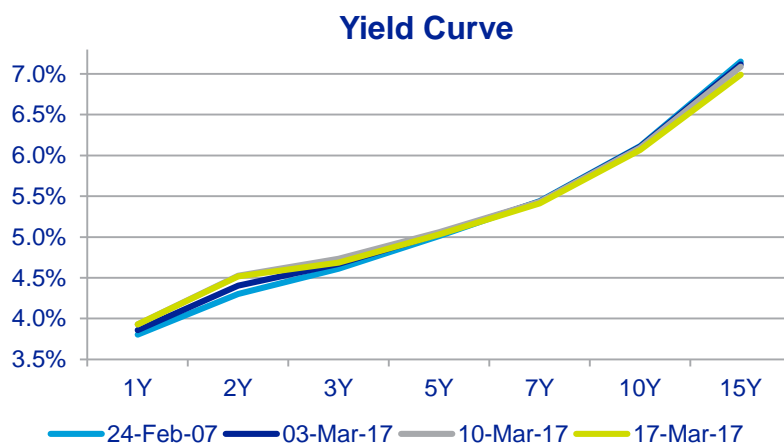
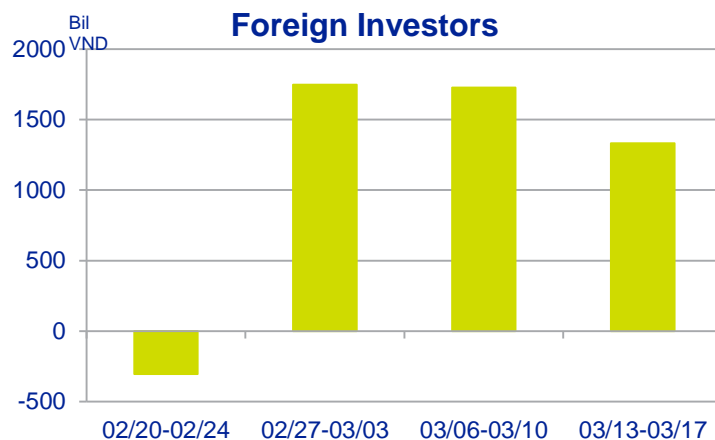
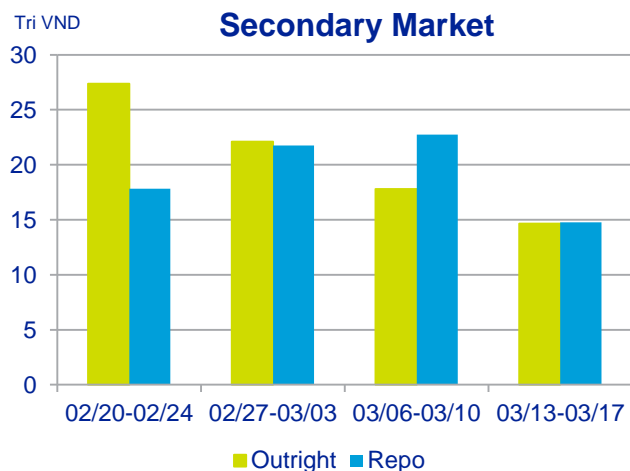
Source: HNX, ACBS

Longer term bonds kept being the best sellers with monthly high amount of VND 5.3 tln. The shorter terms though less desired, but still moderately absorbed. Consider the fact that we are currently experiencing liquidity strain. This is a rather impressive performance

Bond Issuance Schedule This Week

03/20/2017 - 03/24/2017				
Issuer	Offer Amount	Issue Date	Maturity	Tenor
State Treasury	2,000,000,000,000	3/23/2017	3/23/2024	7
State Treasury	2,000,000,000,000	3/23/2017	3/9/2022	5
State Treasury	2,000,000,000,000	3/23/2017	3/16/2047	30
Vietnam Bank for Social Policies	400,000,000,000	3/21/2017	3/21/2027	10
Vietnam Bank for Social Policies	400,000,000,000	3/21/2017	3/21/2022	5
Vietnam Bank for Social Policies	200,000,000,000	3/21/2017	3/21/2032	15

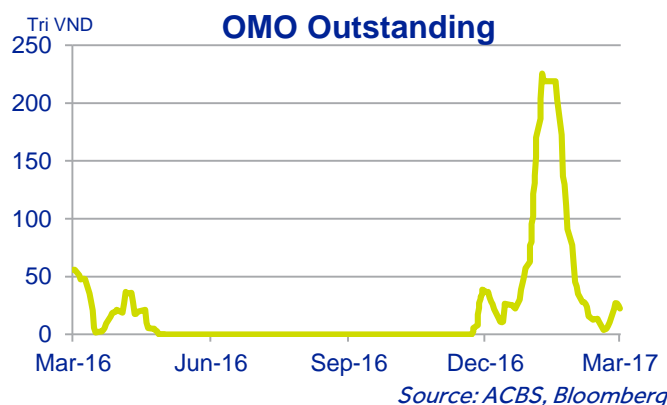
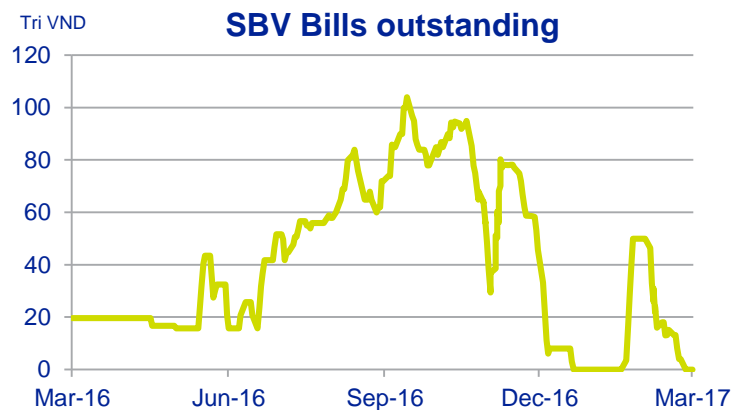
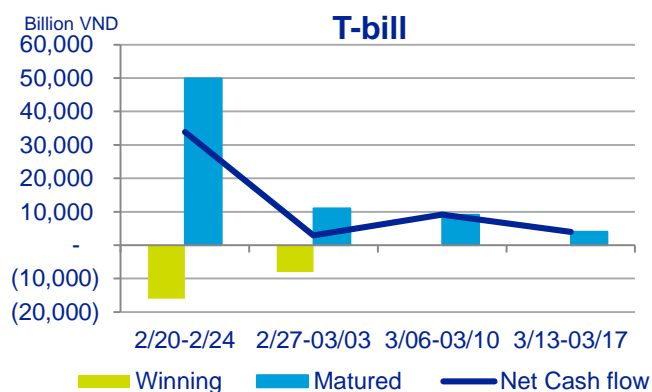
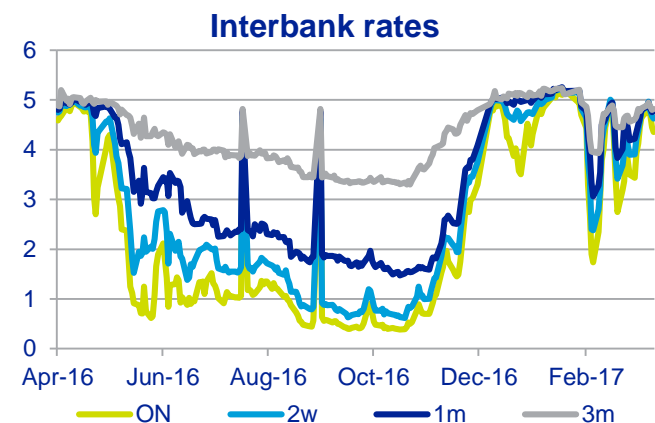
SECONDARY BOND MARKET



Source: HNX, VBMA, ACBS

We saw a 3-weeks-in-a-row net bond purchase from foreign investors (VND 1.3tln) and a slight domestic sell off in shorter term bonds- based on the yield curve. The economic outlook for Vietnam is positive on medium term, it is shorter terms that became unattractive due to better competitors.

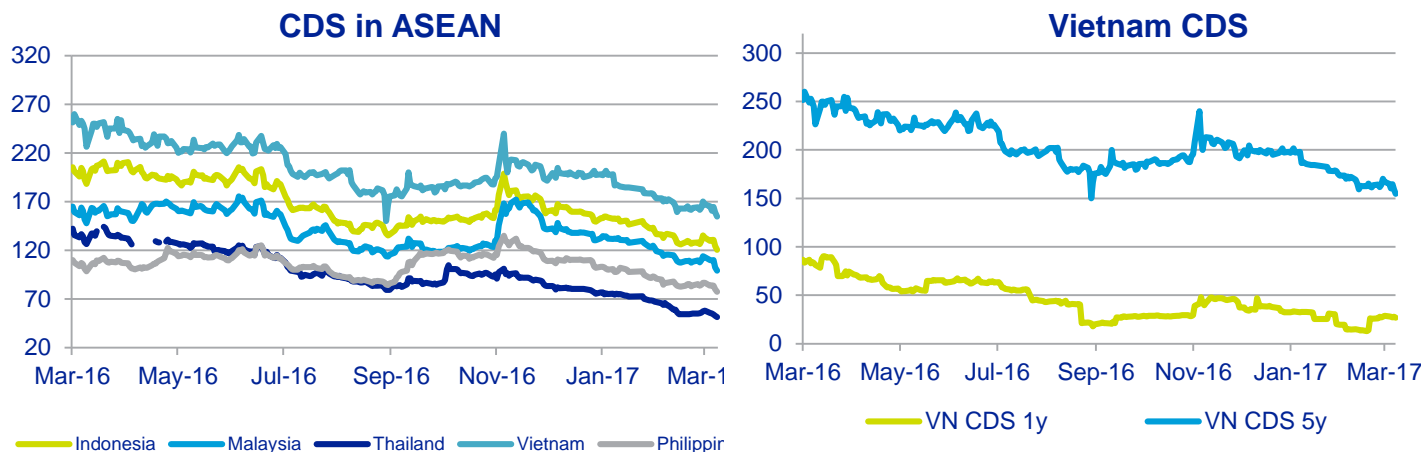
MONEY MARKET



Another VND 10tln withdrawn from the market as total circulating amount in OMO and T-bills is at VND 32tln against last week's VND 47 tln. That is including the VND 12tln OMO issued on Monday. Funds tightness between depository institutions remains.

OTHER MARKETS

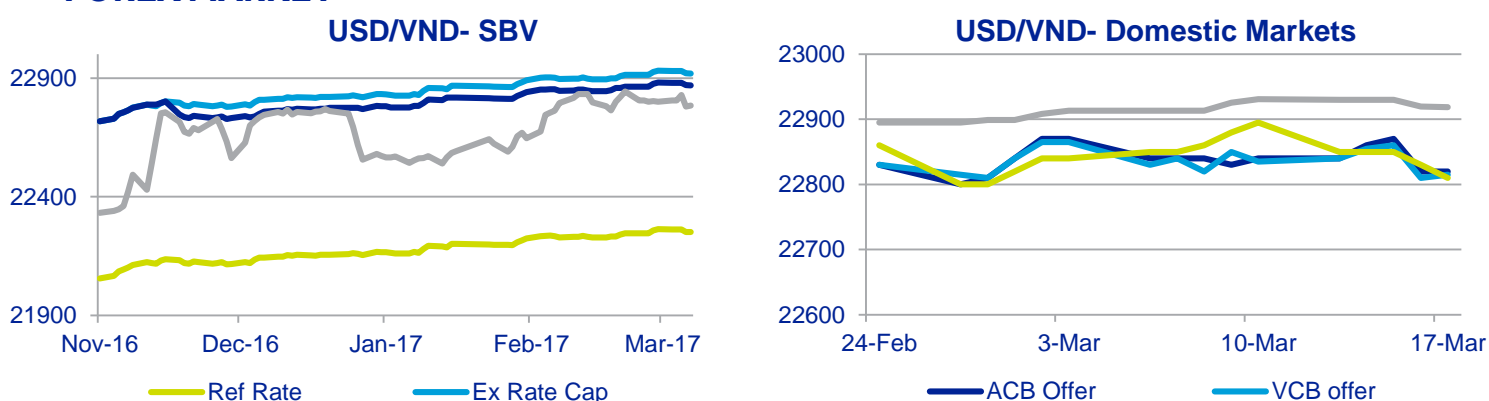
SOVEREIGN CDS



Source: Bloomberg

From the CDS aspect, ASEAN region and Vietnam saw their credibility improved, trending downward. For the shorter period, it seems that the US is a more attractive investment, reflected by the increase in Vietnam 1Y CDS rate

FOREX MARKET



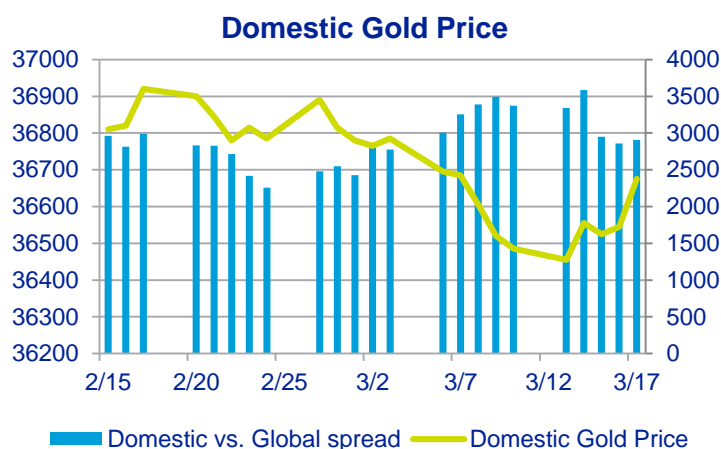
Source: SBV, Bloomberg

SBV took their time off last week with barely any change in USD/ VND reference price. Considering the current relatively cheaper USD, they might increase their reserve purchase in the next few weeks. The confirmation would be the fall of interbank rates (currently at 4.7% O/N)

Facts: BOJ and BOE remained flat, whilst FED increased their borrowing rate by 0.25%, up to 1%. Yet the Green Note dropped remarkably, it seems that the speculative sentiment was overwhelming the fundamentals. Still, sentiment is a strong factor, combine with the exponential momentums from large scale quant trading orders they can drive the market astray from the equilibrium for a while, it is a matter of time before the USD reaches its advance stage though.

The coming Tax policy from Donald Trump and the Elections of EU countries shall determine the strength of the green note advance.

GOLD MARKET



Source: Bloomberg, ACB.

First round of France Election is in April, until then, international gold price should be moving sideways around current level (could be up to \$1300/ ounce) unless: US's new tax policy comes out. Being within its consolidation level, any of the mentioned events could increase gold price's volatility by the same tremendous magnitude. Same thing applies for the Euro.

Personal assumption: Given the current positive beliefs toward the US, a tax policy from Trump would kick off the decline of gold, even if the details turns out below expectations. People would still be bullish toward the US, especially when there're yet to be any competitors. To me, gold poses a bigger shorting opportunity than buying.

APPENDIX

FX rate	USD		EUR		JPY	
Date	Bid	Ask	Bid	Ask	Bid	Ask
13-Mar-17	22,770	22,840	24,207.41	24,496.74	195.80	199.54
14-Mar-17	22,785	22,855	24,097.98	24,385.99	195.48	199.22
15-Mar-17	22,790	22,860	24,104.01	24,392.09	196.23	199.98
16-Mar-17	22,740	22,810	24,242.58	24,532.37	197.99	201.77
17-Mar-17	22,745	22,815	24,351.92	24,643.01	197.91	201.69

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) 3823 4159 (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

DISCLAIMER

Analyst Certification(s)

We, the author(s) of this report, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

ACBS and/or an affiliate thereof (hereby collectively called ACBS) did or may seek to do business with companies covered in this report as its routine business. ACBS's proprietary trading accounts may have a position in such companies' securities. As a result, the investor should be aware that ACBS may have a conflict of interest from time to time.

ACBS produces a variety of research products including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research product may differ from recommendations contained in other types of research products, whether as a result of differing time horizons, methodologies, or otherwise.

Disclaimer

This report is provided for information purposes only. ACBS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this report. ACBS will not treat unauthorized recipients of this report as its clients. Prices shown (if any) are indicative and ACBS is not offering to buy or sell or soliciting offers to buy or sell any financial instrument. **Without limiting any of the foregoing and to the extent permitted by law, in no event shall ACBS, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this report or its contents.** Other than disclosures relating to ACBS, the information contained in this report has been obtained from sources that ACBS believes to be reliable, but ACBS does not represent or warrant that it is accurate or complete. The views in this report are subject to change, and ACBS has no obligation to update its opinions or the information in this report.

Some parts of this report reflect the assumptions, views and analytical methods of the analysts who prepared them, and ACBS is not responsible for any error of their works and assumptions. ACBS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report.

The analyst recommendations in this report reflect solely and exclusively those of the author(s), and such opinions were prepared independently of any other interests, including those of ACBS. This report does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the investors who receive it. The securities discussed herein may not be suitable for all investors. ACBS recommends that investors independently evaluate each issuer, securities or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

This report may not be distributed to the public media or used by the public media without prior written consent of ACBS. Otherwise it will be considered as illegal. The breacher shall compensate fully to ACBS any loss or damage which arises from such breach (if any).

In the event that the distribution and/or receipt of this report is prohibited by the investor's jurisdiction, the investor shall dismiss this report immediately otherwise it will be at his/her own risks.

ACBS does not provide tax advice and nothing contained herein should be construed to be tax advice. Accordingly, the investors should seek advice based on their particular circumstances from an independent tax advisor. This report may contain links to third-party websites. ACBS is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by ACBS. Access to any third-party website is at the investor's own risks, and the investor should always review the terms and privacy policies at third-party websites before submitting any personal information to them. ACBS is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

© Copyright ACBS (2017). All rights reserved. No part of this report may be reproduced in any manner without the prior written permission of ACBS.