

#### PRIMARY MARKET

On 29 April 2016, State Treasury has announced the plan of government bond issuance in Q2 2016 with total amount expected to be raised is 70 to 80 thousands billion for different terms from 3 to 30 years (refer to table). In April 2016, total value to bonds issued achieved VND 30,308 billion, equivalent to an 84% rate of successful bid. In the total value of successful bid, the amount of 5-year bond is VND 17,077 billion, equivalent to 56.3% of total value. The 5-year bond also receive the most attention on the market with the total bidding value equal to 242.1% of total asking value. In general, total value of successful issued bond reached VND 103,673 billion, achieved 47.1% of this year plan. Current market conditions show a favorable trend for bond issuance as the banks' demand for bond is increasing and the successful bidding yield is on decreasing trend, especially with regards to 5-year bond which is highly demanded by market.

The successful bidding yields for 3,5 and 10-year bonds has had slight changes in April 2016, which decrease by 3,3 and 1 basis point respectively between the beginning and the end of April (yield at month-end: 5.52%, 6.39% and 9.64% respectively). On the other hand, the successful bidding yields for 15,20 and 30-year bond did not change in April 2016.

Considering the success in bond issuance of the government, pressure from budget deficit and the current demand for bond investment, it is possible that State Treasury will adjust the fund raising from bond issuance upward in the second half of 2016. Besides, State Treasury might convert the short term bond into long term (20 and 30 year) to change the bond maturity structure in the second half of 2016.

#### SECONDARY MARKET

##### BOND YIELD SLIGHTLY DECREASE AT MONTH END

Bond yields of all maturity on secondary market has slightly decreased at the end of April 2016. The 2 - year yield had the largest reduction compared to March, which is 6.6 basis points. The 7-year yield took the second place with 4.6 basis point reduction. Similarly, the bonds guaranteed by government also experience a same down trend. However, the demand for government-guaranteed bond is not as high as last month which decrease the attractiveness of the spread. In comparison to the start of this year, bond yields for 2 to 7 year of maturity on secondary market has decrease by 20-26 basis points. On the other hand, there is no significant change for yields of longer than 15-year maturity bonds, they were approximately equal to the rate on primary market due to the specific demand for buy-and-hold strategy of the insurance companies, which are the main investors for the long term bonds

##### CHANGE OF BOND YIELD FOR DIFFERENT MATURITIES ON SECONDARY MARKET – APRIL 2016

	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years	15 Years
29-04-2016 (%) (T Day)	4.92	5.11	5.56	6.38	6.73	7.01	7.72
31-03-2016 (%)	4.92	5.17	5.57	6.39	6.77	7.01	7.69
31-12-2015 (%)	4.97	5.31	5.82	6.63	6.95	7.18	7.75
30-day change (basis points)	0.30	(6.60)	(1.10)	(1.50)	(4.60)	(0.20)	2.50
Changes compared to 31/12/2015 (basis point)	(5.40)	(20.40)	(25.70)	(24.70)	(22.50)	(16.30)	(3.30)

##### TRADING VOLUME ON SECONDARY MARKET HAS DECREASED

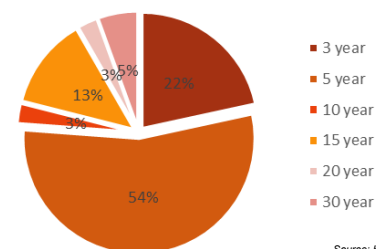
Total outright transaction value on secondary market has significant decreased compared to March, in terms of both total transaction value and average value per day, become lower than the monthly average trading volume in Q1/2016. Total transaction value and average value traded per day in April is equal to 82% and 86% of those in the first 3 months of 2016, equivalent to VND 53,226 billion in total value and 2764 billion/trading day. The trading value also decrease by 2% compared to April 2015. In April, the value of transactions on secondary market is strongly influenced by the market sentiment that is waiting for the founding of the new cabinet. Market movements at the start of May has shown the effects of SBV's signal on interest rate movements on bond market after the new cabinet go into action.

##### PLAN FOR BOND ISSUANCE IN Q2 2016 AND COMPLETION PROGRESS IN 4 MONTHS 2016 (VND Billion)

No	Term	Q2 2016 Plan	2016 Plan	% completed (to end of April 2016)
1	3 year	15,000 – 16,000	66,000	30,64%
2	5 year	36,000 – 41,000	100,000	66,69%
3	10 year	3,000 – 4,000	12,000	16,69%
4	15 year	9,000 – 10,000	18,000	55,41%
5	20 year	3,000 – 4,000	12,000	2,93%
6	30 year	4,000 – 5,000	12,000	36,95%

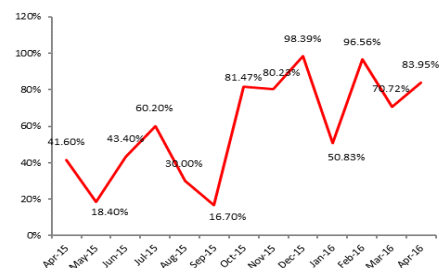
Source: HNX/VFM

##### WEIGHT OF DIFFERENT MATURITIES ISSUED IN APRIL - 2016



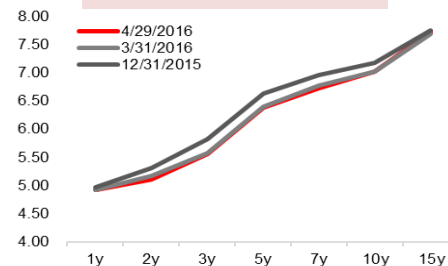
Source: HNX/VFM

##### RATIO OF SUCCESSFUL BID/OFFER ON PRIMARY MARKET



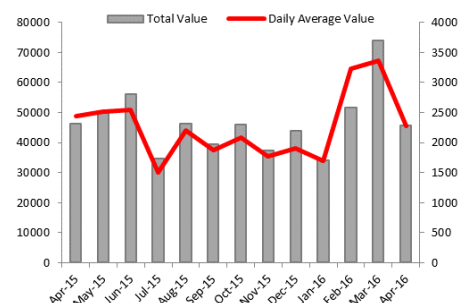
Source: HNX/VFM

##### BOND YIELD CURVE - 2016 (%)



Source: Reuters, VFM

##### VALUE OF OUTRIGHT TRANSACTION OVER MONTHS



Source: HNX/VFM