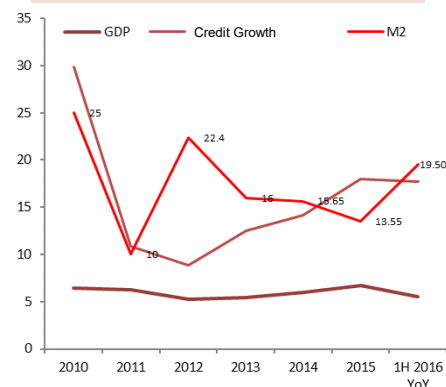


STABILIZED INTERBANK MONEY MARKET

The forecasts of 3rd quarter GDP growth shows that the actual growth rate would not meet the planned goals (refer to the scenarios of the Macro economics newsletter from VFM in July 2016). The measurements showed that agricultural production did not achieve the expected growth due to the fact that the Autumn-Winter rice season in Mekong River Delta is not able to compensate for the loss of Northern agricultural sector at the beginning of this year. However, the Vietnamese Economy is in its most stable period since 2013. The markets with strongly fluctuated history such as money markets, foreign exchange markets and credit market are having apparent stability. The figures show that the policies established by State Bank of Vietnam since the beginning of 2016 has generated optimistic results included an in-line growth of money supply and credit, stable and independent VND-USD exchange rate without influences from CNY-USD rate, a strong decrease of interbank interest rate with increased liquidity. Credit growth and money supply growth after 8 months have achieved 9.2% and 10.5% compared to 31 Dec 2015 and are expected to fulfill the plan. The stabilization of money market has provided significant support for the purpose of decreasing lending rates to corporations. This stability on money market and foreign exchange market also positively influenced the stock market in 2016.

MONEY SUPPLY AND CREDIT GROWTH IN 2010-2015 AND 6 MONTHS 2016 (YTD) (%)

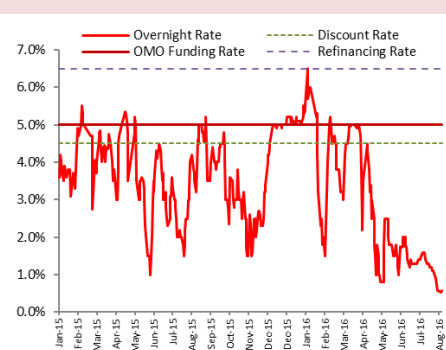


Source: MPI/Govermemnt

SIGNIFICANT DECREASE OF MONEY MARKET INTEREST RATE

The VND-USD exchange rate has been having a very steady period as well as demonstrating an independent from the CNY-USD movements (details in VFM Macro Economics Newsletter June 2016) since January 2016. With the central exchange rate policy, the State Bank of Vietnam has eliminated the gap between interbank exchange rate and black market rate. The commercial banks now concentrated in selling foreign currency to State Bank. The stabilization of exchange rate has played an important part in calming market sentiments, this could be observed in the increase of exchanging foreign remittances into VND for investment and the rates of amount sold to the banks (presented in the Macro Economics Newsletter July 2016). The Non-Deliverable Forward contracts (NDF) at the end of August 2016 shows the expected exchange rate of 23,650 VND/USD at the end of February 2017, equivalent to a 2.8% decline of VND. At the end of 2016, VND-USD exchange rate is expected to be 23,200. However, considering the capabilities of SBV in controlling the exchange rate as well as the opulent cash flow from foreign direct investment and trade surplus, it is probable that the VND-USD exchange rate will be lower than the expected rate at the end of this year.

OVERNIGHT INTEREST RATE CHANGES 2015 AND 8 MONTHS OF 2016

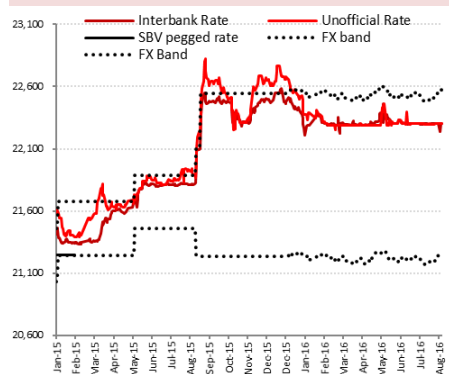


Source: Reuters

STEADY VND-USD EXCHANGE RATE

Import & Export growth in the first 7 months of 2016 (Total export achieved USD 96.83 billion (+5.3% YoY) and total import achieved 95.03 billion (-0.9% YoY)) has shown the low probability to achieve the goal of 10% and might be lower than 2015 export growth (9.2%). However, the reduction in import cost (if excluded will result in a rise of 7.4% in total import) has generate a surplus in balance of trade of 2016. After 7 months, the balance of trade is now at surplus USD 1.8 billion (net export of July 2016 achieved USD 100 million). The surplus balance of trade has contributed to a surplus in overall balance of payment in 2016. The report from SBV had shown a balance of payment surplus of USD 3,464 million as of 31 March 2016. It is expected that export will maintain its stable trend while imports (with a large proportion consisted of raw materials) will be sluggish with a persistent low price level, which, would lead to a balance of trade achieve equilibrium. Policies of SBV receive a strong support from the balance of trade where the payment pressure from imports is not significant.

VND-USD EXCHANGE RATE 2015 AND 8 MONTHS OF 2016



Source: Reuters

INCREASE IN CONFIDENCE OF ECONOMIC STEADINESS

The stability of macro economy could be observed from the fluctuations of Credit Default Swap (CDS) spreads with regards to Vietnam Government Bond. The stabilization of macro economy has resulted in a decreasing trend of CDS spreads since the beginning of 2016. At the end of August 2016, 10-year CDS spread has dropped by 28.6% year to date (decrease of 96 basis points from 336 bps to 240 bps), the respective decrease in 5-year and 2-year CDS spread are 35.3% (40.5 bps) and 35.7% (98.5 bps). The spreads at 24 August 2016 for 5-year and 2-year bond are 174.7 and 237.1 basis points are the lowest since 2011. The changes of CDS spreads had shown that the confidence of bond investors in government bonds as well as the stabilization of Vietnam's economy has positively and significantly changed in August 2016. After the fluctuations due to concerns of exchange rate risk at the end of 2015, the stabilization of exchange rate has improved investors' confidence, even under the circumstances of slower GDP growth than planned. In this current trend, the CDS spreads will continued to be kept at a low level while there is no obvious risk that was identified in the coming months.

CDS SPREADS ON VIETNAMESE GOVERNMENT BONDS MOVEMENTS IN 2015 AND 8 MONTHS OF 2016



Source: Reuters