

PRIMARY MARKET

Primary bond market in 11/2018 has not been able to return as actively as the last months of previous years. The total value of bonds successfully mobilized in November reached VND10,220 billion. The winning amount over the total calling equals to 52.14%, a sharp increase from October's 24.61%, suggesting that the market has returned to primary government bond market, but not too much. Totalled VND20 trillion value of matured bond have increased the demand for reinvestment by commercial banks in the context of low liquidity in the secondary market.

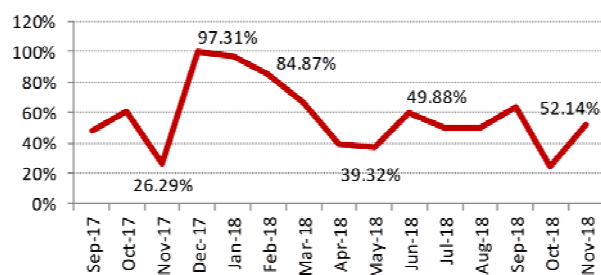
Winning interest rates were stable and stayed at the same level in November for the 5-year and 7-year tenors when both terms could not be successfully mobilized. However, at the 10-year and 15-year tenor, the winning interest rate was adjusted slightly by the State Treasury. The winning rate of 10-year bonds is in the range of 5.00-5.10% pa and 15 years at 5.25-5.30% pa. Compared with rate in October 2018, the winning interest rate of the State Treasury bonds increased over 10-year (up 0.15% pa) and 15-year bond (up 0.10% pa).

Two banks that are guaranteed by the Government are the Social Policy Bank and the Vietnam Development Bank do not issue bonds in November. However, the Vietnam Development Bank will need to push up its mobilized procedure in December to complete the 2018 plan.

Up to 30/11/2018, the State Treasury has issued a total of VND135,247 billion, of which Vietnam Social Insurance participation is about VND80,000 billion. Bondholders structure in the primary market have a positive change. Insurance companies increased their buying proportion to 60.84%, up 247% over the same period.

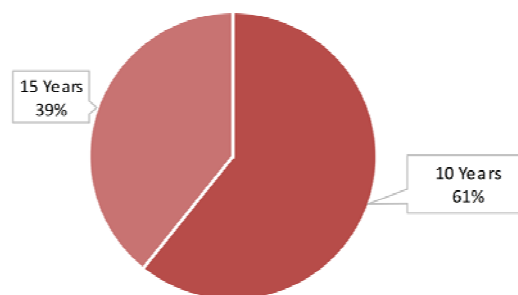
As of the end of November 2018, total outstanding value of Government bond, Government-guaranteed bond and municipal bond was VND 1,060,065 billion. The market share of Government bonds in total bond outstanding value was 85.8% or VND 911,673 billion, came next was Government-guaranteed bond with 12.07% or VND 127,968 billion and the remaining 1.93% or VND 20,424 billion was municipal bond.

RATIO OF SUCCESSFUL BID/OFFER ON PRIMARY MARKET



Source HNX/VFM

PROPORTIONS OF BOND TERMS ISSUED IN NOVEMBER 2018



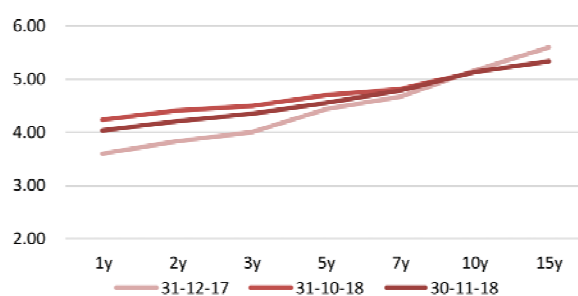
Source: HNX/VFM

GOVERNMENT BOND ISSUANCE—NOVEMBER 2018

Terms	Number of auctions	Call amount (VND Billion)	Bid amount (VND Billion)	Success amount (VND Billion)	Winning Yield	Bid to cover Ratio
5 Years	4	3,000	9,853	-	-	3.284
7 Years	2	1,000	1,300	-	-	1.300
10 Years	4	7,800	11,310	6,210	5.00-5.10	1.450
15 Years	4	7,800	12,510	4,010	5.25-5.30	1.604
20 Years	-	-	-	-	-	-
30 Years	-	-	-	-	-	-
Total	14	19,600	34,973	10,220		1.784

Source: HNX/VFM

BOND YIELD CURVE—OCTOBER AND NOVEMBER 2018 (%)



Source: Reuters, VFM

TOTAL ISSUED AMOUNT AND TARGET PLAN 2018

Terms	Call amount (VND Billion)	Registered amount (VND Billion)	Winning (VND Billion)	Successful ratio	Yearly plan 2018	% Yearly plan 2018
5 Years	35,900	136,057	12,409	34.57%	31,000	40.03%
7 Years	19,950	45,694	6,710	33.63%	11,000	61.00%
10 Years	80,250	182,717	58,176	72.49%	64,000	90.90%
15 Years	81,300	166,617	43,814	53.89%	51,000	85.91%
20 Years	15,600	24,665	7,565	48.49%	9,000	84.06%
30 Years	16,550	23,593	6,573	39.72%	9,000	73.03%
Total	249,550	579,343	135,247	54.20%	175,000	77.28%

Source: HNX/VFM

SECONDARY MARKET

DRY-UP LIQUIDITY AND BEARISH BOND MARKET

The secondary bond market was quiet with a daily trading value of VND2,590 billion, up 6.84% from last month but down 37.23% compared to value last year. The secondary bond yields tended to fall slightly by 15-20 points in the short term of 5 years or below and moved sideways in the long term. As of November 30, interest rates for the term of 2,5, 10 and 15 years respectively reached 4.20%, 4.56%, 5.13% and 5.33% per annum. Foreign investors unexpectedly net bought back in November with total net buying value of VND 1,210 billion, bringing the total value of foreign investors to approximately 1% of the total outstanding bond volume of the whole market. Bondholder structure as of the end of November: Commercial banks holds 49.8%, followed by social insurance with 38.8%, insurance companies hold 6.8%, deposit insurance holds 3%. % and other investors hold 1.6% of the total value of Government bonds throughout the market.

DEPOSITORY GROWTH RATE DECREASED AND AFFECTED INTERBANK MARKET

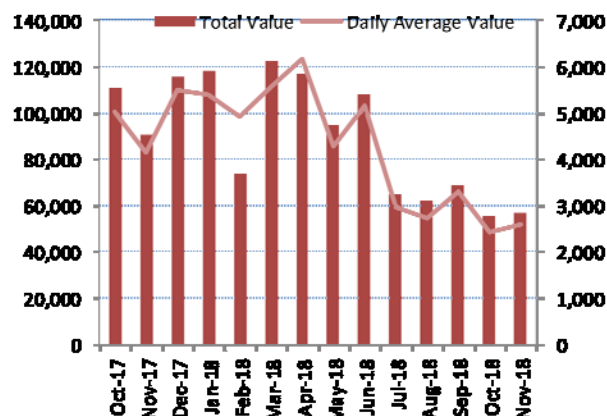
The interbank interest rate was maintained at high levels in November, with the overnight rate of 5.05% per annum (20 basis points higher than OMO rate). The liquidity of the banking system continued to decline sharply in November. Credit growth in the last months of the year tended to increase more rapidly (due to the loosening of credit) than depository growth. Therefore, the State Bank has intervened by continuously injecting money into the interbank market via OMO with a total net injection of over VND60 trillion to support market liquidity. Commercial banks also move their portfolio of short-term bonds (3-5 years) to longer maturities (10-15 years) when their yields are higher than their margins. 1-month interbank rates. In December, the liquidity is still not positive. Interest rates tend to move sideways in the short term, fluctuating around 4.50-4.60% per year for 5-year bond. The market is also likely to react in the short term when the Fed meeting takes place in mid-December, as well as moves by the SBV and interest rates in the interbank market.

CHANGE OF BOND YIELD FOR DIFFERENT MATURITIES ON SECONDARY MARKET – OCTOBER 2018 IN COMPARISON TO NOVEMBER 2018

	1 year	2 years	3 years	5 years	7 years	10 years	15 years
30-11-2018 (%) (T Day)	4.04	4.20	4.35	4.56	4.79	5.13	5.33
31-10-2018 (%)	4.25	4.40	4.50	4.69	4.81	5.13	5.35
31-12-2017 (%)	3.61	3.82	4.00	4.43	4.67	5.17	5.59
T Day - 30 Change (Bp)	- 20.60	-20.50	-15.50	-13.20	-1.70	0.20	-2.50
T Day - 31-12-2017 Change (Bp)	43.40	37.90	34.80	12.90	11.90	-3.90	-26.50

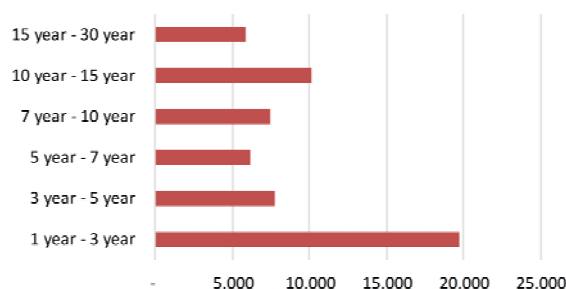
Source: VFM

VALUE OF OUTRIGHT TRANSACTION OVER MONTHS



Source: HNX/VFM

VALUE OF OUTRIGHT TRANSACTION OVER TENORS



Source: HNX/VFM