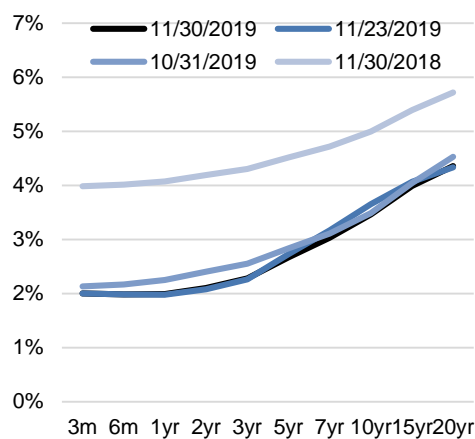


### Macro Indicators

Quarterly data	3Q19	2Q19	1Q19
GDP growth (%YoY)	7.31	6.73	6.82
Disbursed FDI (USDbn)	5.12	4.98	4.12
Monthly data	Nov	Oct	Sep
CPI (%YoY)	3.52	2.24	2.44
IIP (%YoY)	5.41	9.20	10.20
Export (%YoY)	3.77*	7.33	10.68
Import (%YoY)	4.52*	2.89	11.77

Source: GSO, Nikkei, IHS Markit, Bloomberg, FIA. \* GSO estimate.

### G-bond yield curve



Source: HNX, Bloomberg

### SBV adds liquidity as interbank rates hike

**SBV adds liquidity to banking system by the end of November.** SBV injected VND133.2trn into banking system via OMO market, including VND84trn via T-bill, and VND49.2trn via repo channels. In detail, SBV offered a total of VND107trn, declining by 70.5% MoM, to all counterparties and spent VND191trn to absorb due T-bills, while resuming to offer new repo contracts with an amount of VND49.2trn at the end of the month. ([Page 2](#))

**Interbank rates soar after hitting 2019 low.** Interbank interest rate on most of maturities hiked after hitting the bottom level of 2019 except for 9-month rate. Specifically, interest rate on O/N, 1-week, 2-week, and 1-month soared to 3.93% (+242bps MoM), 4.13% (+228bps MoM), 4.22% (+211bps MoM), and 4.04% (+107bps MoM), respectively. ([Page 3](#))

**Low yields spur the government bond trading.** Total bond trading value increased by 5.17% MoM to post VND130.8trn in November, a year high, as government bond yield continued to move down. The government bond yields on 3-month, 1-year, 5-year, and 10-year posted 2.00%, 1.99%, 2.67%, and 3.46%, declining by 13bps, 26bps, 16bps and 2bps compared to last month, respectively. ([Page 5](#))

### Mr. Y Nguyen

Macro - Associate

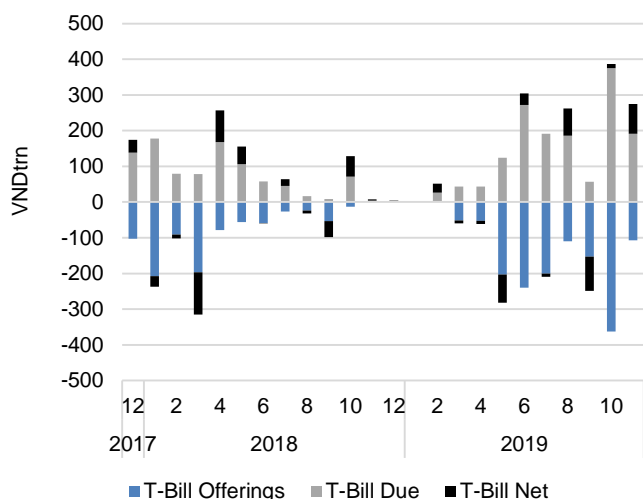
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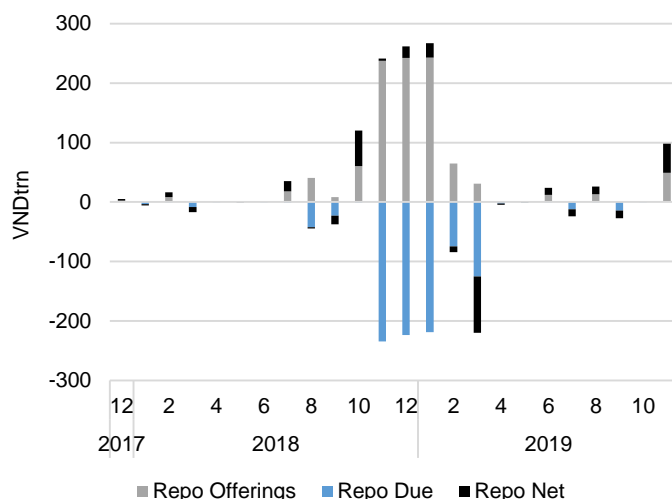
### SBV adds liquidity to banking system by the end of November

SBV injected VND133.2trn into the banking system via OMO market, including VND84.0trn via T-bill and VND49.2trn via repo channels. In detail, SBV offered a total of VND107.0trn T-bills, declining by 70.5% MoM, to all counterparties and spent VND191.0trn to absorb due T-bills, while resuming to offer new repo contracts with an amount of VND49.2trn in November.

**Fig 01. T-bill transaction**

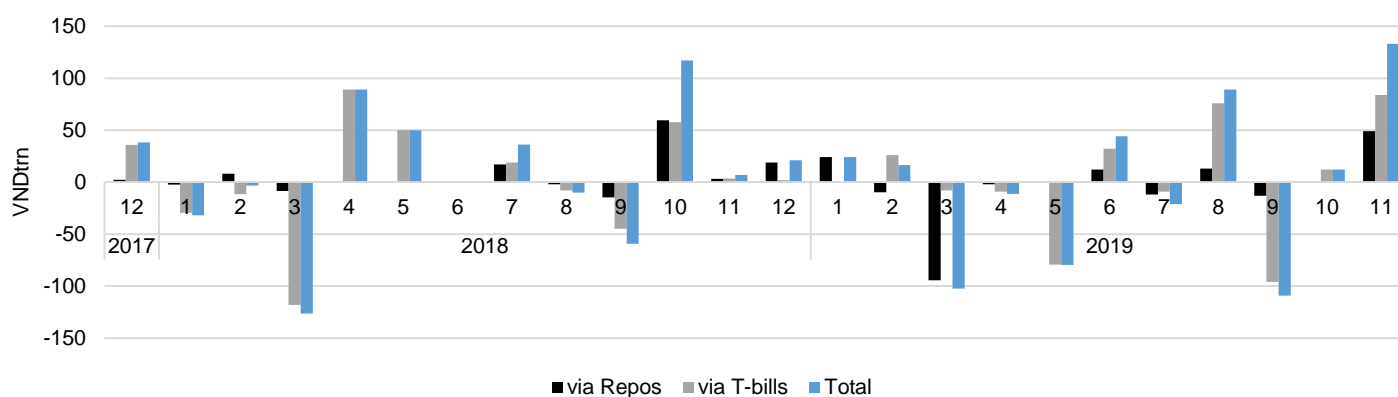


**Fig 02. Repo transaction**



Source: Bloomberg, KIS, SBV

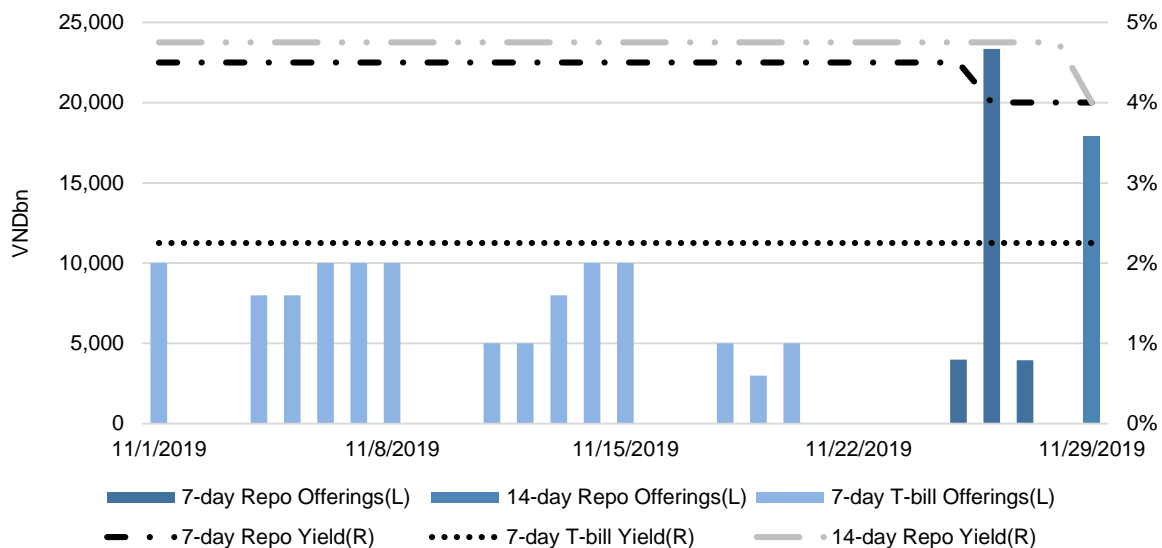
**Fig 03. Injection (Withdrawal) in OMO**



Source: Bloomberg, KIS, SBV

In terms of daily transaction, SBV accelerated injecting liquidity to the banking system by the end of November 2019 by lowering daily amount of T-bill issuance in combination with increasing both new 7-day and 14-day repo contracts. Simultaneously, repo yield for both 7-day and 14-day were also lowered by 50bps (at 26<sup>th</sup> November) and 75bps (at 28<sup>th</sup> November) respectively to 4%. Consequently, SBV added considerable liquidity into the banking system.

Fig 04. Daily OMO transaction in November 2019

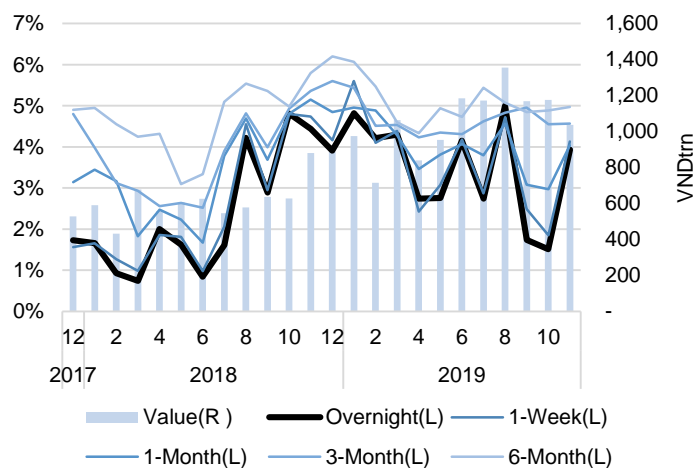


Source: Bloomberg, KIS, SBV

### Interbank rates soar after hitting 2019 low

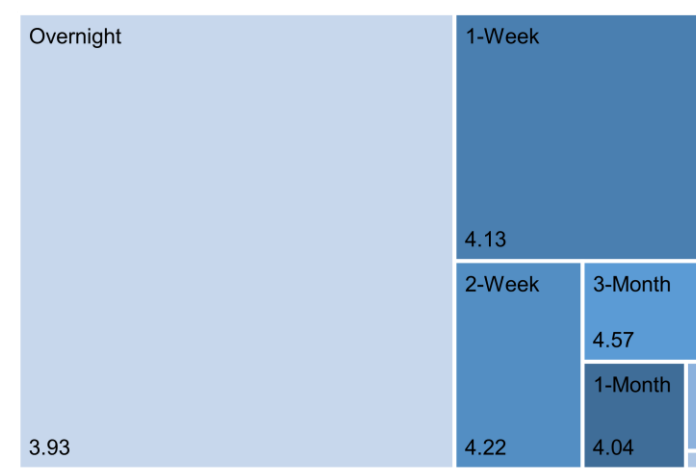
Except 9-month, interbank interest rates of most of maturities hiked after hitting the year bottom in October. Specifically, at the end of November, interest rate on O/N, 1-week, 2-week, and 1-month soared to 3.93% (+242bps MoM), 4.13% (+228bps MoM), 4.22% (+211bps MoM), and 4.04% (+107bps MoM), respectively. The interest rate on 9-month decreased slightly by 10bps MoM to 4.7%. The total transaction value in interbank market posted VND1,036.6trn, decreasing by 11.8%MoM. In which, transaction on overnight and one-week terms are predominant with values of VND663.1trn and VND203.0trn, equaling to 63.97% and 19.58%, respectively.

Fig 05. Interbank transaction



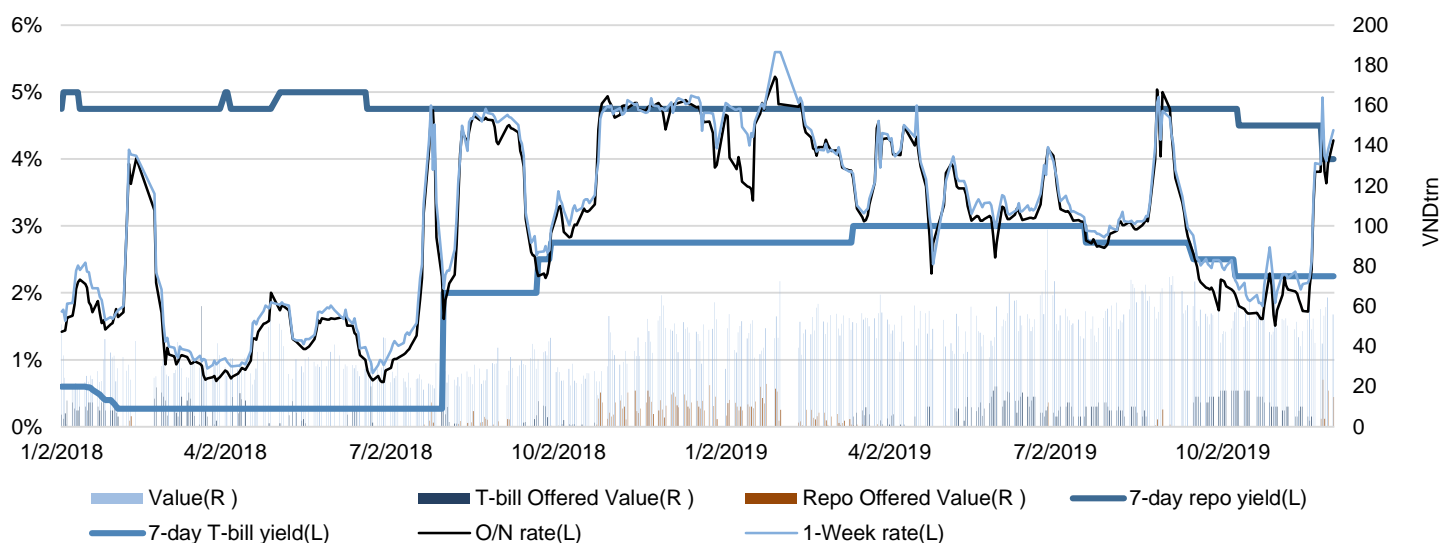
Source: Bloomberg, KIS, SBV

Fig 06. Interbank value by tenor (% , annual rate)



In November, interbank transaction showed the sign of a temporary shortfall in liquidity as the overnight as well as 7-day rates rose sharply to hit the 7-day repo rate, which is considered as the upper limit of interest rate corridor. Additionally, the remarkable injection of SBV through OMO activities indicated that the liquidity of the banking system was no longer excessive as in the previous months. However, the 50bps decrease of 7-day discount rate to 4.0% will stabilize the interbank market soon.

**Fig 07. 7-day T-bill, repo and interbank rates**

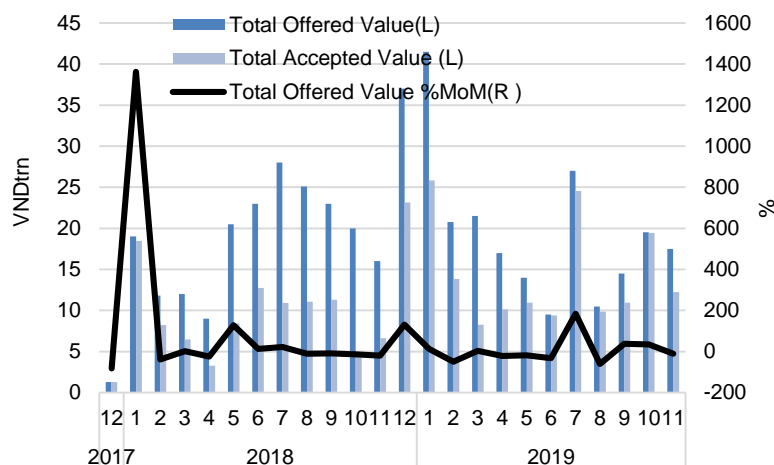


Source: Bloomberg, KIS, SBV

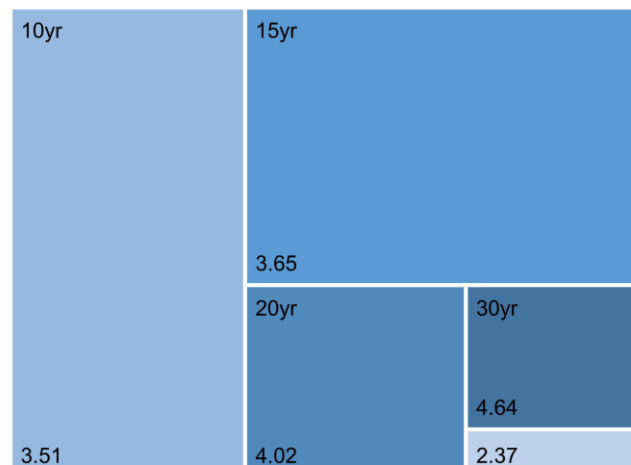
### Low yields spur the government bond trading

In the primary market, according to data compiled by HNX, Vietnam State Treasury (VST) offered VND17.5trn and sold VND13.7trn (including VND1.5trn additional offerings) of government bonds via 4 auction sessions in November 2019, declining respectively by 10.26% MoM and 30.27% MoM. Of which, 10-year and 15-year bonds were the most traded instruments with transacted amounts of VND5.45trn and VND5.35trn, accounting for 39.7% and 38.9% of total value. Eleven months through November 2019, VST sold VND197.8trn, fulfilling 70.63% of the annual government bond issuance plan.

**Fig 08. Government bond auction value**



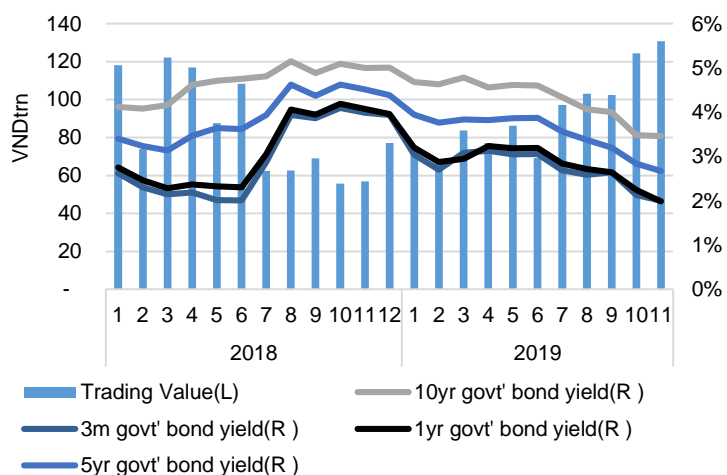
**Fig 09. Auction value by tenor (% annual rate)**



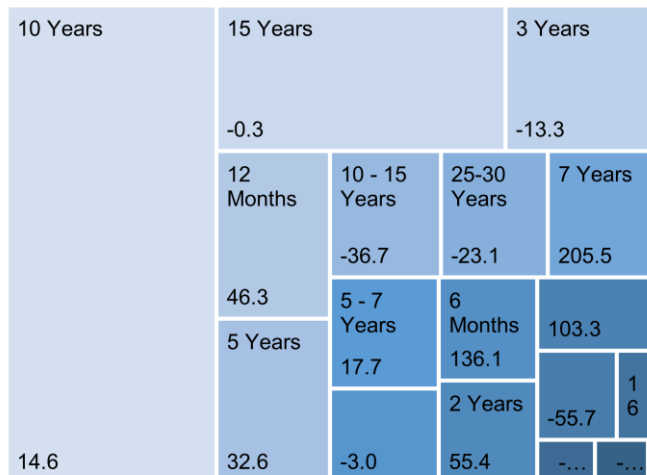
Source: Bloomberg, KIS,SBV

In the secondary market, total bond trading value increased by 5.17% MoM to VND130.8trn in November, a year high, as government bond yield continued to move down. In which, investors traded intensively 10-year and 15-year tenors, with the trading amounts of VND42.6trn (accounting for 32.6%) and VND17.9trn (accounting for 13.7%), respectively. Government bond yields on most of tenors continued declining to hit the bottom of 2019. At the end of November, the government bond yields on 3-month, 1-year, 5-year, and 10-year posted 2.00%, 1.99%, 2.67%, and 3.46%, declining by 13bps, 26bps, 16bps and 2bps compared to October, respectively.

**Fig 10. Bond trading value**



**Fig 11. Trading value by tenor (% MoM)**



Source: Bloomberg, KIS,SBV

## Macro scorecard

	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	4Q18	1Q19	2Q19	3Q19	2016	2017	2018	2019P
Real GDP growth (%)							7.31	6.82	6.73	7.31	6.21	6.81	7.08	6.80
Registered FDI (USDbn)	1.73	1.75	2.41	3.54	2.95	2.68	5.04	10.09	10.81	7.66	20.95	35.88	35.47	18.20
GDP per capita (USD)											2,172	2,353	2,551	2,730
Unemployment rate (%)											2.33	2.21	2.21	2.25
Export (USDbn)	21.43	22.98	25.88	23.36	22.40	22.60	64.15	58.76	63.77	72.22	176.6	215.1	243.5	280.8
Import (USDbn)	19.49	22.94	22.45	21.75	22.50	22.50	63.81	57.09	63.68	67.14	175.0	213.2	236.7	268.3
Export growth (%)	7.66	11.10	10.41	10.68	7.33	3.77	6.75	5.10	9.17	10.72	8.99	21.82	13.19	15.33
Import growth (%)	1.12	7.53	5.87	11.77	2.89	4.52	10.28	7.25	10.12	8.30	5.55	21.85	11.01	13.36
Inflation (% YoY)	2.16	2.44	2.26	1.98	2.48	3.25	3.44	2.63	2.66	2.23	2.66	3.53	3.54	4.00
USDVND	23,301	23,205	23,196	23,203	23,202	23,197	23,175	23,189	23,301	23,203	22,761	22,698	23,175	23,200
Credit growth (%)	7.36	7.48	8.16	9.40			13.89	3.13	7.36	9.40	18.25	18.24	13.89	14.00
10yr government bond (%)	4.60	4.34	4.07	4.01	3.49	3.46	5.07	4.78	4.60	4.01	6.23	5.14	5.07	5.00

Source: GSO, Bloomberg, FIA, IMF

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