



# VIETNAM WEEKLY BOND MARKET & INDEXES

## CONTENTS

---

1. Headlines
2. Macro Indicators
3. Vietnam Bond Market
4. Auction information



### HEADLINES

#### Macro Economy

- ◆ Vietnam will impose price controls on certain commodities in an effort to tame inflation that has surged to the double digits, Prime Minister Nguyen Tan Dung said. He also urged the central bank to stabilize the dollar rate and gold prices.
- ◆ Vietnam state budget deficit is estimated to reach VND6.25 trillion or 0.46% of the country's gross domestic product (GDP) which reached VND1,364.19 trillion in the past three quarters this year.
- ◆ Vietnam's consumer price index (CPI) rose 9.58 per cent in November 2010 against December 2009 in which the average CPI in the last three months hiked approximately 1.41 per cent per month.
- ◆ Vietnam consumer price index (CPI) is likely to soar at double-digit for the whole year of 2010 as the country's CPI in December is estimated to increase by between 1.3%-1.5%.

#### Import—Export

- ◆ The agro-forestry-seafood sector earned US\$1.75 billion from exports in November, raising its total export turnover for the first 11 months of this year to over US\$17 billion, a year-on-year increase of 22.5%.
- ◆ Representatives of more than 20 Nigerian businesses and many Vietnamese businesses attended a Vietnam-Nigeria business conference in Ho Chi Minh City on December 2.
- ◆ Minister of Industry and Trade Vu Huy Hoang predicted that in 2010 Vietnam's export revenue would increase 23% and the import expenditure would grow 19 to 20%. However, the trade deficit has remained a challenge for the Vietnamese economy.

#### Bond News

- ◆ The State Treasury's plan of selling between VND15trillion and VND16trillion worth of government bonds in the last two months of the year is standing on the verge of failure, the state-run online newspaper VnEconomy reported.
- ◆ Vietnam's five-year bonds fell the most in five days on concern a pickup in the inflation rate deterred investors from fixed-income assets. The dong was little changed near a record low.
- ◆ HANOI, Dec 3 - Vietnam's Techcombank, 20 percent owned by HSBC Holdings Plc, said on Friday it would raise 3 trillion dong by selling 10-year convertible bonds later this month.

#### Others

- ◆ Coffee harvesting in Vietnam, the world's biggest grower of robusta beans used in instant drinks and espressos, has been disrupted by renewed rains just one week after picking began, local officials and traders said.
- ◆ Annual inflation has hit 11 per cent, confidence in the currency is being eroded day by day and the government is gripped by policy paralysis before a Communist party congress in January. This does not seem like the best time to launch a new business in Vietnam.
- ◆ Sukmono Vietnam, a subsidiary of Netherlands-based ready meals producer PadifoodGroup, last week started construction of the Jimmy Hung Anh factory in southern Binh Duong province.



## HEADLINES

### Markets Gold

- ♦ Gold prices on December 2 eased to VND36.29 million/tael after having the strongest rally in the last 3 weeks, down VND60,000 from last close. Meanwhile, dollar prices stayed flat at the lifetime high of VND21,530 in the free market.
- ♦ The Ministry of Finance raised gold export tax to 10% from previous 0%, on gold bars of under 99.9% purity, powdered gold or gold materials under Group 8718 effective from January 1, 2011. The move aims to prevent individuals and local firms from taking advantage of the zero tax policy to ask for the licenses of exporting gold jewelry, the local media reported, adding that exporting gold 99.9% jewelry requires the SBV's permit, while others needn't.

### Banking—Finance

- ♦ Domestic businesses are not allowed to use USD bought in the free market for their payments, therefore, they have to buy USD at high prices to sell it to banks at prices no higher than VND19,500/USD. After that, they sign contracts to buy USD back from these banks to legalise the origin of USD.
- ♦ Vietnam's Prime Minister Nguyen Tan Dung has asked the central bank to stabilize the foreign-exchange and gold markets after the gap between official and black rates widened and the price of the precious metal surged.
- ♦ HSBC Vietnam has been awarded the Best Bank in Vietnam by the magazine The Asset. This is the third consecutive year the bank has been awarded the title.

### Markets Oil-Gas & Petroleum

- ♦ The Vietnamese Ministry of Finance decided to lower petroleum import taxes by 5% beginning December 1. The move is aimed to prevent domestic petroleum retail price hikes amid the sharply increasing petroleum prices on the world market.
- ♦ The import tax for gasoline was reduced to 12 percent from 17 percent, Deputy Finance Minister Tran Van Hieu decided on December 1.
- ♦ The retail prices of domestic gas have increased by VND38,000 per 12 kilo cylinder to between VND335,000-VND343,000 per cylinder this morning.

### Real Estate

- ♦ The construction costs have been increasing sharply and the supply is believed to become profuse in the time to come, thus making real estate developers feel worried. They have to offer many preferences to buyers in order to boost sales.
- ♦ The office market in Hanoi City is estimated to continue increasing in the fourth quarter and Jan 2010, CBRE said in its newly released Asia Market.
- ♦ The prime office market in HCMC slightly decreased in the third quarter despite higher demand.
- ♦ New luxury villas to open in Da Nang. Ariyana Co said the first 30 of its 131 new luxury Furama villas would be available for occupancy next April.

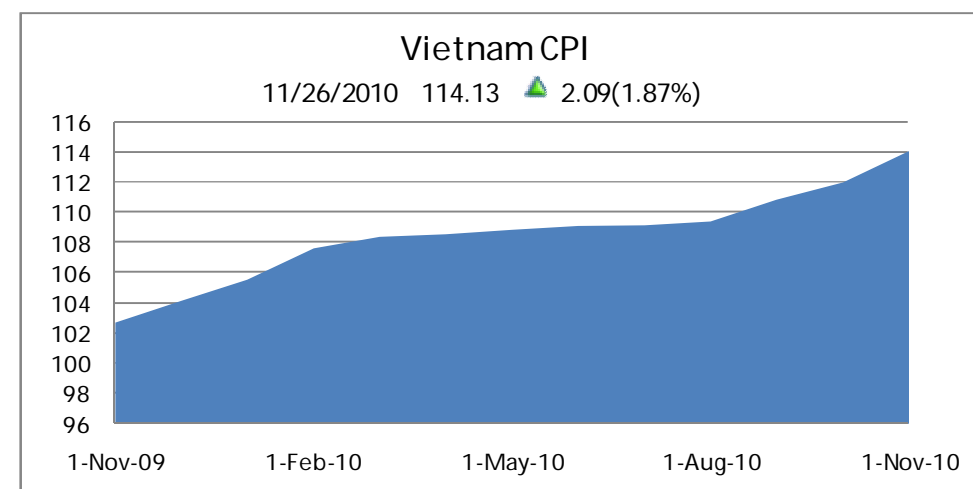
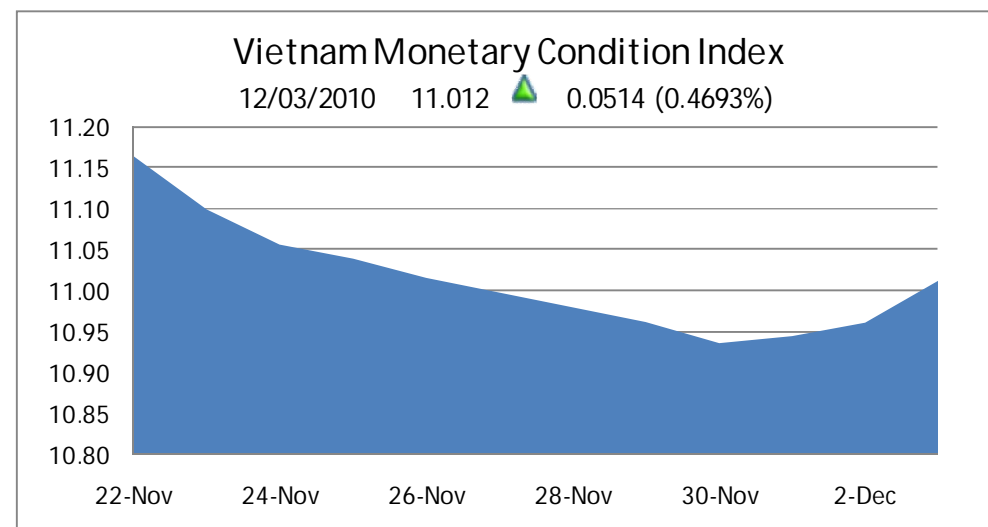


### VIETNAM MACRO INDICATORS

#### Macro Indicators

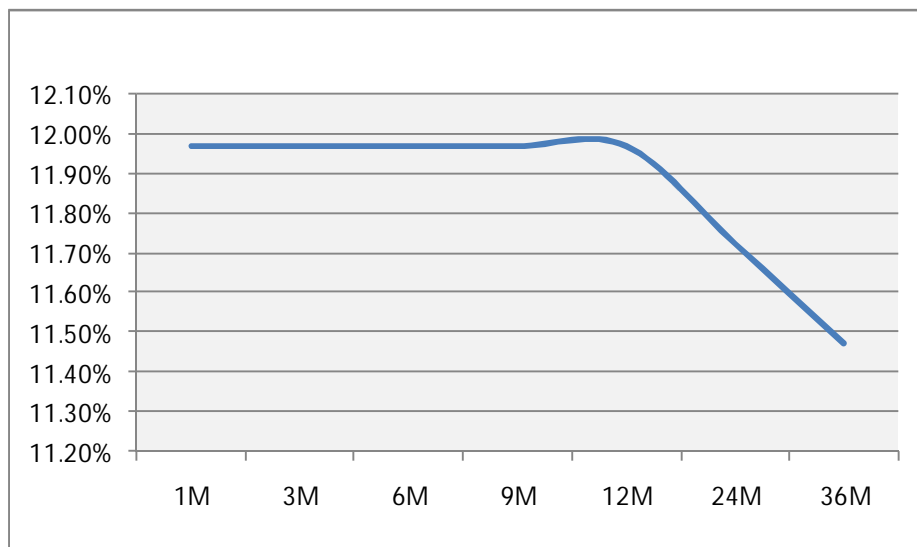
Date	Q3/2010	Q2/2010	Pct change
GDP (Bill VND)	1.364.196	855.200	60%
CPI	110.88	109.13	2%
Export (Mill USD)	134.287	78.120	72%
Import (Mill USD)	158.465	94.874	67%
Trade Deficit (Mill USD)	-24178	-16754	44%
FDI (Thousand USD)	30.610.000	20.637.000	48%

Date	Nov-2010	Oct-2010	Pct change
CPI	114.13	112.04	1.87%
Export (Mill USD)	64,281	57,776	11.26%
Import (Mill USD)	74,937	67,278	11.38%
Trade deficit (Mill USD)	-10,656	-9,502	12.14%





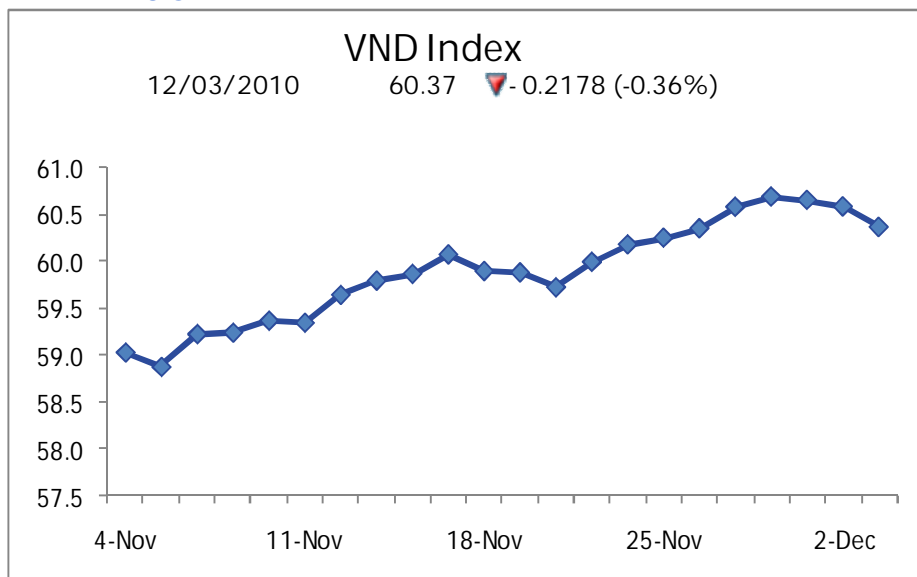
## Average Vietnam Banks' Interest Rates



Yield Curve	1M	3M	6M	9M	12M	24M	36M
VCB	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
ACB	11.88%	11.88%	11.88%	11.88%	11.88%	11.40%	10.90%
Vietinbank	12.00%	12.00%	12.00%	12.00%	12.00%	11.50%	11.00%
BIDV	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Average	11.97%	11.97%	11.97%	11.97%	11.97%	11.73%	11.48%

Source: VCB, ACB, Vietinbank, BIDV

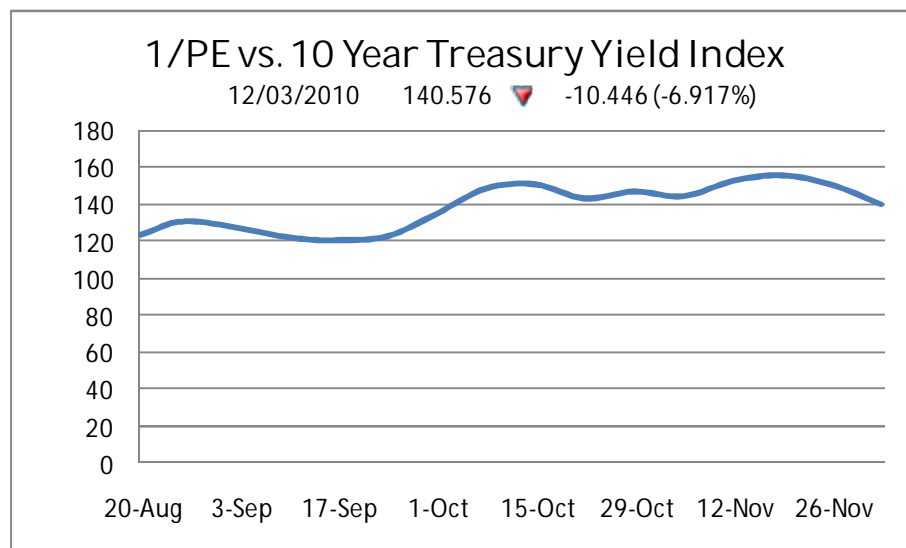
## VND Index



Date	Market movers
12/3/2010	USD 19,499 ▲ 4.00 0.02%
12/3/2010	EUR 25,780 ▲ 174.00 0.68%
12/3/2010	JPY 233 ▲ 1.55 0.67%
12/3/2010	CNY 2,927 ▲ 2.02 0.07%
12/3/2010	TWD 643 ▲ 0.40 0.06%
12/3/2010	SGD 14,903 ▲ 32.00 0.22%
12/3/2010	KRW 17 ▲ 0.14 0.84%



## P/E - 10 year Treasury Yield Index



1/PE vs. 10-Year Treasury Yield Index is the metric of bond investor confidence, comparing return on two common investment channels, stock and bond. If the return on stock or 1/PE increases (with EPS constant in one quarter), showing that stock price or stock demand decreases and therefore, we can interpret that cash is flowing into bond market, and vice versa. The rise of the index implies that bond investors are more confident.

## Consumer Confidence Index

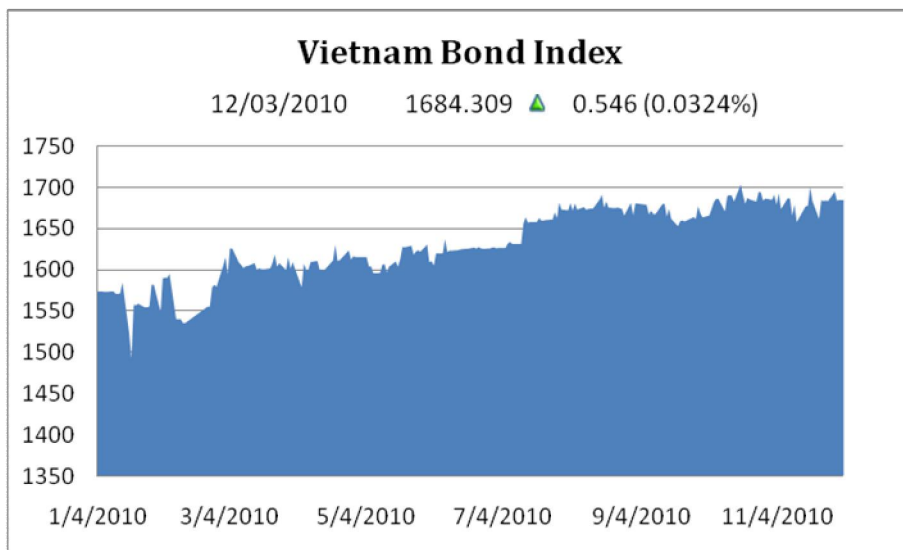
Indexes	Sep-10	Jun-10	Change	% chg
VN Consumer Confidence Index	131.17	135.35	-4.18	-3.19%
VN Consumer Present Confidence Index	128.05	126.91	1.14	0.89%
VN Consumer Future Expectation Index	133.25	140.98	-7.73	-5.80%

Vietnam Consumer Confidence Index dropped by 3.19% in Q3<sup>rd</sup> 2010, as consumers lost their confidence in economic condition and their financial wealth as well. Even Vietnam Consumer Present Confidence Index rose a little by 0.89%. Vietnam Consumer Future Expectation Index fell significantly by 5.8%, indicating that consumers' assessment of financial conditions even weakened further in future.

This may result from some recent bad news such as rating downgrade of Vietnam and its' two major banks by Fitch (Vietcombank and ACB); Circular 13 that requires bank' CAR ratio to increase from 8% to 9%; or instability of forex market, and so on. As a result, consumers seem to be more cautious. They might prefer saving instead of spending and investing. Actually, good news from macroeconomic is very necessary to recover consumer belief in economic conditions.

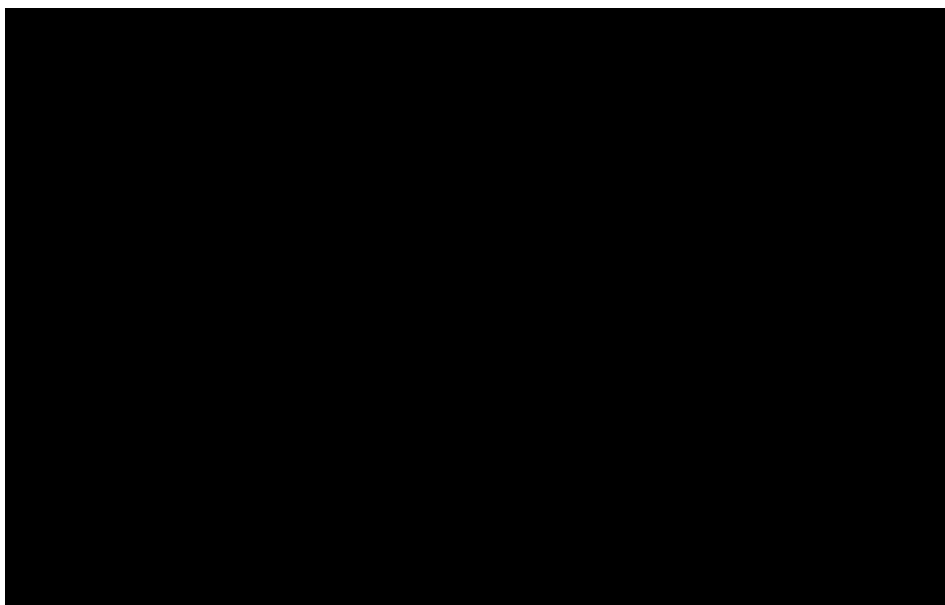


## Vietnam Bond Index



Name	Value		Change	
Vietnam Bond Index - Corporate	1,210.16	■	0.00	0.00%
Vietnam Bond Index - Government	1,684.31	▲	1.56	0.09%
Vietnam Bond Index - Composite	1,677.16	▲	1.48	0.09%
Vietnam Bond Index - Treasury	1,722.56	▲	1.66	0.10%
Vietnam Bond Index - Municipal	1,117.26	■	0.16	0.01%
Vietnam Bond Index - Financials	1,169.41	■	0.00	0.00%
Vietnam Bond Index - Utilities	1,284.66	■	0.00	0.00%
Vietnam Bond Index - Industrials	1,248.79	■	0.00	0.00%
Vietnam Bond Index - 1-3 Year Treasury	1,420.86	▼	-5.65	-0.40%
Vietnam Bond Index - 3-5 Year Treasury	1,654.01	▲	7.49	0.46%
Vietnam Bond Index - 5-7 Year Treasury	1,128.83	▼	-0.43	-0.04%
Vietnam Bond Index - 7-10 Year Treasury	1,637.89	▲	29.42	1.83%
Vietnam Bond Index - 10-15 Year Treasury	1,590.22	■	0.00	0.00%

## Vietnam Treasury Spot Yield Curve



Name	Value		Change	
Vietnam 1 Year Zero-coupon Treasury Spot Yield	0.075	▲	0.0007	0.99%
Vietnam 2 Year Zero-coupon Treasury Spot Yield	0.087	▲	0.0009	1.09%
Vietnam 3 Year Zero-coupon Treasury Spot Yield	0.104	▼	-0.0035	-3.21%
Vietnam 4 Year Zero-coupon Treasury Spot Yield	0.089	▼	-0.0015	-1.65%
Vietnam 5 Year Zero-coupon Treasury Spot Yield	0.127	▲	0.0015	1.20%
Vietnam 6 Year Zero-coupon Treasury Spot Yield	0.087	▲	0.0002	0.18%
Vietnam 7 Year Zero-coupon Treasury Spot Yield	0.182	▲	0.0031	1.76%
Vietnam 8 Year Zero-coupon Treasury Spot Yield	0.119	▲	0.0007	0.61%
Vietnam 9 Year Zero-coupon Treasury Spot Yield	0.127	▲	0.0013	1.03%
Vietnam 10 Year Zero-coupon Treasury Spot Yield	0.073	▼	-0.0001	-0.17%
Vietnam 11 Year Zero-coupon Treasury Spot Yield	0.116	▼	-0.0002	-0.13%
Vietnam 12 Year Zero-coupon Treasury Spot Yield	0.073	▼	-0.0001	-0.14%
Vietnam 13 Year Zero-coupon Treasury Spot Yield	0.103	▼	-0.0002	-0.21%
Vietnam 14 Year Zero-coupon Treasury Spot Yield	0.059	▼	-0.0001	-0.18%



## Trading Summary on Secondary Market

## Auction Calendar

Trading date	Total Volume	Total Value (VND)	Offering Com- pany	Type of issue	Type of auction	Maturity	Maturity Date	Offering value	Auction Date
11/29/2010	22,200,000	2,405,202,800,000	State Treasury— Ministry of Fi- nance	Normal	Combined	3 year	12/13/2013	1,000,000,000,000	12/09/2010
11/30/2010	0	0							
12/01/2010	17,800,000	1,922,684,000,000	State Treasury— Ministry of Fi- nance	Normal	Combined	5 year	12/13/2015	1,000,000,000,000	12/09/2010
12/02/2010	5,200,000	521,785,600,000							
12/03/2010	12,800,000	1,395,367,200,000	State Treasury— Ministry of Fi- nance	Normal	Combined	10 year	12/13/2020	1,000,000,000,000	12/09/2010
Total	58,000,000	6,245,039,600,000							

## Auction Results

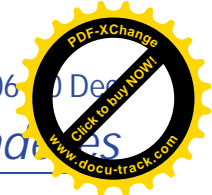
Issuers	Maturity	Date of Auction	Winning Volume	Coupon	Yield	Lowest Yield	Highest Yield	Ceiling Yield
State Treasury—Ministry of Finance	5 year	11/30/2010	0	10.29	0.00	11.60	12.00	10.00
State Treasury—Ministry of Finance	3 year	11/30/2010	0	9.65	0.00	11.30	11.80	9.50
State Treasury—Ministry of Finance	10 year	11/30/2010	0	10.80	0.00	0.00	0.00	10.50
State Treasury—Ministry of Finance	5 year	11/18/2010	0	10.29	0.00	0.00	0.00	0.00
State Treasury—Ministry of Finance	3 year	11/18/2010	0	9.65	0.00	0.00	0.00	9.50
State Treasury—Ministry of Finance	10 year	11/18/2010	0	10.80	0.00	11.00	11.50	10.50





## Corporate Bonds

Issuers	Maturity	Issuing Date	Total Value	Yield (%)	Type
Saconbank Securities Company (SBS)	1 year	11/30/2010	300,000,000,000	na	na
Saconbank Securities Company (SBS)	1 year	11/15/2010	100,000,000,000	na	na
Ocean Hospitality (OCH)	3 year	10/25/2010	2,000,000,000,000	14	Normal
HAGL Joint Stock Company	3 year	10/08/2010	530,000,000,000	15.2	Normal
Vinafco Joint Stock Company (VFC)	1 year	09/30/2010	150,000,000,000	8	Convertible
Sacombank Securities Companies	1 year	09/22/2010	400,000,000,000	13	Normal
Thu Duc house development J.S.C (code TDH-HOSE)	3 year	11/01/2010	600,000,000,000	7	Convertible
Habubank	1 year	09/16/2010	1,050,000,000,000	10.49	Convertible
HAMICO Dong Nam A export J.S.C Corporation	2 year	08/01/2010	63,000,000,000	8.00	Convertible
Na Rì HAMICO	2 year	08/01/2010	350,000,000,000	8.00	Convertible
Maritime Bank	Not available	07/14/2010	3000,000,000,000	na	Normal
Thu Duc house development J.S.C (code TDH-HOSE)	3 year	07/01/2010	600,000,000,000	7.00	Normal
Vietnam House J.S.C	1 year	07/01/2010	40,000,000,000	4.00	Normal



### Contact Information

---

For further information regarding this report, please contact

#### Research Team

Woori CBV Securities Corporation

14 Tran Binh Trong, Hoan Kiem District, Hanoi, Vietnam

Call center: 1900-571-563

### Disclaimer

---

This report is issued and distributed by Woori CBV Securities Corporation for the general information of institutional and professional investors. Information and opinions presented in this document have been obtained from sources we believed to be reliable, but we makes no guarantee as to its accuracy or completeness. The use of Vietnam Securities Indices and data in this report is permitted and licensed to Woori CBV Securities Corporation by Vietnam Securities Index Co. an independent research house and Bloomberg Finance L.P. This document should not be considered as an offer or the solicitation of an offer to purchase or subscribe for any investment. The financial instruments contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments.

© Copyright 2007-2008 Woori CBV Securities Corporation. ALL RIGHTS RESERVED. No part of this publication may be copied, reproduced, published or redistributed by any person for any purpose without the prior written permission of Woori CBV Securities Corporation. Please cite sources when quoting.