

VIETNAM WEEKLY BOND MARKET & INDEXES

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HEADLINES**Macro Economy**

- ◆ Vietnam Reduces Import Duties for Petroleum Products Beginning on Jan. 14.
- ◆ PM issues decree on issuing sovereign bonds, government-guaranteed debts and local governance debts.
- ◆ EU's anti-dumping tariff on Vietnam's leather-upper shoes may expire on April 1.
- ◆ Vietnam cuts gasoline tariff to zero pct.
- ◆ Transparency, key to corruption fight. By simplifying land-related administrative reforms and increasing transparency and the accountability of people involved with such deals would help eradicate land-management corruption in Viet Nam.

Import—Export

- ◆ Trade surplus with US passes \$10 billion.
- ◆ Vietnam's export to Singapore surges strongly.
- ◆ Textile exports this year are targeted to reach \$12.5 billion, up 13 percent over 2010, according to objectives set by the Vietnamese Ministry of Industry and Trade.
- ◆ Vietnam pocketed over 3.4 billion US dollars from exporting wood and wood products in 2010, up 33.3 percent year-on-year.
- ◆ Agricultural exports tipped to rise this year.
- ◆ Bangladesh to import 250,000 tonnes of rice from Vietnam.
- ◆ More and more Chilean businesses are seeking opportunities to operate in Vietnam especially in the field of mining, oil exploration, seafood, beverage, and fruit production.

Bond News

- ◆ Kinh Bac City Development Share Holding Corp., Vietnam's third-biggest property company by market value, plans to sell two trillion dong (US\$103 million) of bonds in the second quarter to fund property projects.
- ◆ Vietnam Bonds Fall on Concern Inflation May Keep Accelerating. Vietnam's three-year bonds declined for a third day after Credit Suisse Group AG said inflation might surge to a two-year high before slowing by the end of 2011. The dong remained unchanged.
- ◆ Vinacomin still aims to sell \$500m bond.
- ◆ Vietnam Bonds Fall on Inflation Concern; Dong Remains Unchanged.

Others

- ◆ Hanoi's consumer price index (CPI) in January saw a rise of 1.68 percent against December 2010 and 12.36 percent over the same period of last year.
- ◆ Vietnam's cement demand estimated at 56-57m tons in 2011.
- ◆ Opportunities open for business in US. Vietnamese firms have ample opportunity to do business in the US, especially in California, which is home to the biggest Vietnamese community, a trade conference held in the state recently heard.
- ◆ Italian companies ready to do business. The Italian government and authorities of the nation's Lombardy region are seeking business opportunities with Vietnamese partners.
- ◆ Oman is keen to invest billions of dollars in Vietnam.

HEADLINES**Markets Gold**

- ◆ Local gold prices on January 19 morning eased to VND35.7million/tael, down VND50,000-VND60,000 from last close as global gold prices edged down to \$1,368.45, snapping a three-day winning run. Dollar prices also fell to VND21,000 in the free market.
- ◆ Local lenders shorten gold deposit terms.
- ◆ The Viet Nam Gold Traders Association has asked the Ministry of Finance to reduce the export tax on gold and gold jewelry from 10 per cent to zero, arguing that the tax was contributing to the nation's growing trade deficit.

Banking—Finance

- ◆ Slowly climbing up from almost two weeks now, savings interest rates in US dollars on the market have risen to 6.1 percent a year at Vietnam Tin Nghia Bank, while some other banks pushed up their rates at between around 5.8 to 6 percent per year.
- ◆ The latest report of the State Bank of Vietnam (SBV) updated on its website January 11 afternoon noted that credits to the economy by the end of December 2010 grew 29.81% compared with 2009's and total means of payment increased 25.3%.
- ◆ After four years of Vietnam's WTO entry, foreign investors marked a spread enter in Vietnamese market, and since Jan 1, they have more operation rights .

Markets Oil-Gas & Petroleum

- ◆ General director of the state-run Vietnam National Petroleum Corporation (Petrolimex), Bui Ngoc Bao warns the petroleum market could soon be in a mess unless state management agencies intervened with suitable remedies.
- ◆ Vietnam is likely to spend around VND8-9 trillion in the coming time to keep the fuel prices stable.
- ◆ Vietnam cuts petrol import tax to zero.

Real Estate

- ◆ Vietnamese developer plans to buy US properties. Local real estate and investment firm Tanimex said it will establish a joint venture with two other Vietnamese companies to do business in the US, mainly in the real estate sector.
- ◆ The Ministry of Construction has proposed the establishment of a real estate credit fund in order to handle the shortage of capital in the sector.
- ◆ HUD invests 593b dong to build 1,507 apartments in Binh Duong.
- ◆ Office rents way down in HCM city. The average rent for an office in Ho Chi Minh City decreased by 9.1% last year.
- ◆ Knight Frank while commenting on the office leasing market of Hanoi in 2011has said that rental prices would remain stable at least through the fourth quarter of the year since supply relatively far exceeds demand.

VIETNAM MACRO INDICATORS

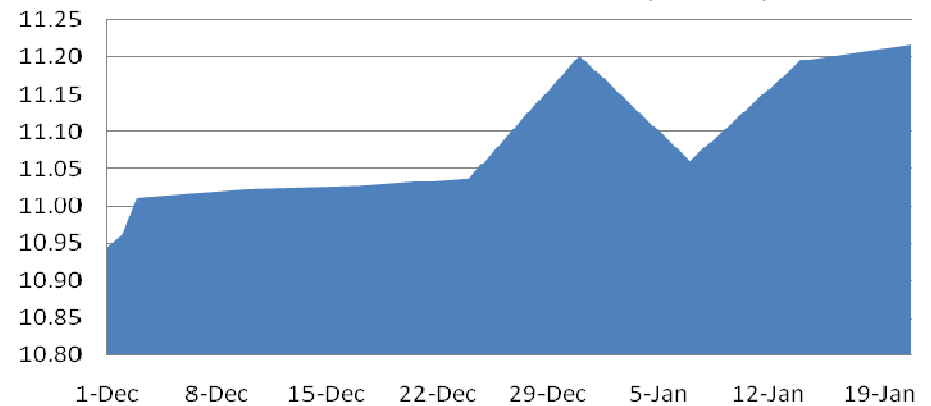
Macro Indicators

Date	Q4/2010	Q3/2010	Pct change
GDP (Bill VND)	1,980,914	1,364,196	45.21%
CPI	116.39	110.88	4.97%
Export (Mill USD)	71,629	51,500	39.09%
Import (Mill USD)	84,003	60,080	39.82%
Trade Deficit (Mill USD)	-12,374.2	-8,580	44.22%
FDI (Thousand USD)	17,229,625	11,406,500	51.05%

Date	Dec-2010	Nov-2010	Pct change
CPI	116.39	114.13	1.98%
Export (Mill USD)	71,629	64,281	11.43%
Import (Mill USD)	84,003	74,937	12.10%
Trade deficit (Mill USD)	-12,374.2	-10,656	16.12%

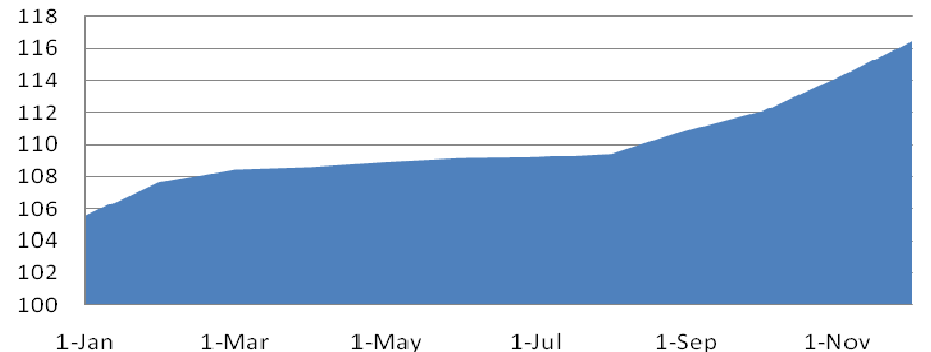
Vietnam Monetary Condition Index

01/21/2011 11.22 ▲ 0.0206 (0.1839%)



Vietnam CPI

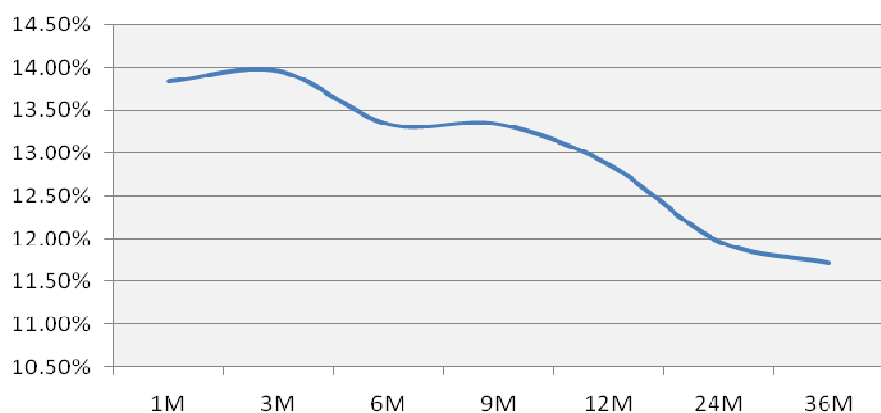
12/24/2010 116.39 ▲ 2.26 (1.98%)



Vietnam Weekly Bond Market & Indexes

Average Vietnam Banks' Interest Rates

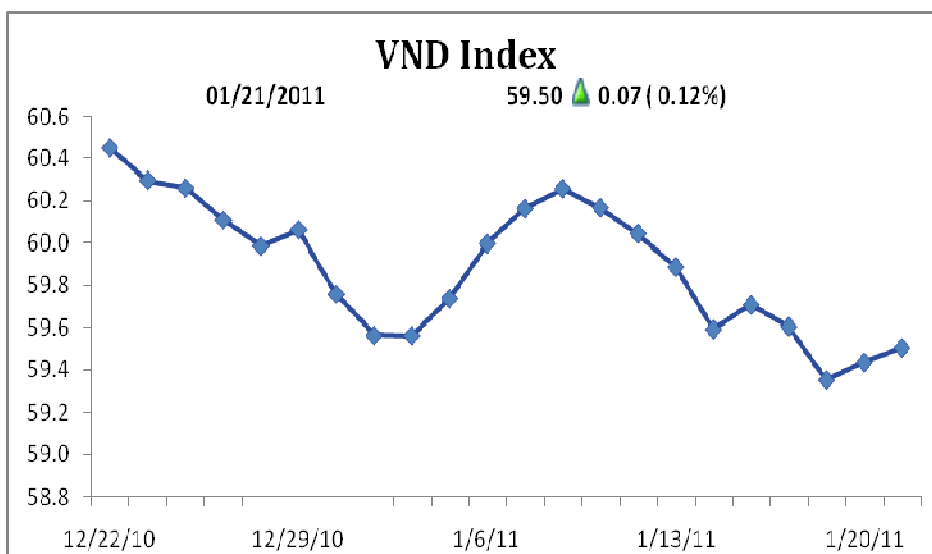
Average Vietnam Banks' Deposit Interest Rates



Yield Curve	1M	3M	6M	9M	12M	24M	36M
VCB	14.00%	14.00%	12.00%	12.00%	12.00%	12.00%	12.00%
ACB	13.88%	13.88%	13.88%	13.88%	14.00%	11.40%	10.90%
Vietinbank	14.00%	14.00%	14.00%	14.00%	11.50%	11.50%	11.00%
BIDV	13.50%	14.00%	13.50%	13.50%	14.00%	13.00%	13.00%
Average	13.85%	13.97%	13.35%	13.35%	12.88%	11.98%	11.73%

Source: VCB. ACB. Vietinbank. BIDV

VND Index



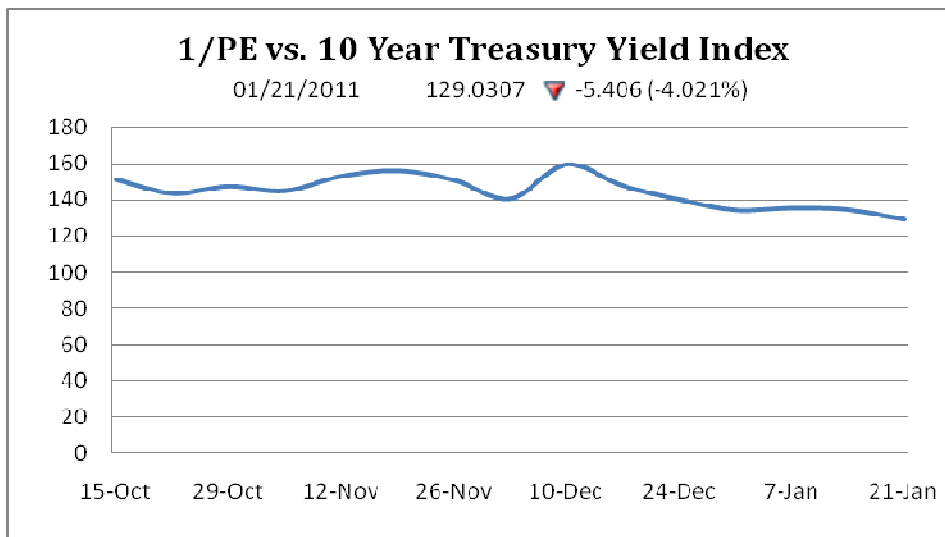
Date	Market movers				
1/21/2011	USD	19,498	■	-	0.00%
1/21/2011	EUR	26,335	▲	78.00	0.30%
1/21/2011	JPY	235	▼	(2.15)	-0.90%
1/21/2011	CNY	2,960	▼	(0.20)	-0.01%
1/21/2011	TWD	670	▼	(1.41)	-0.21%
1/21/2011	SGD	15,162	▲	21.00	0.14%
1/21/2011	KRW	17	▼	(0.03)	-0.18%

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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.

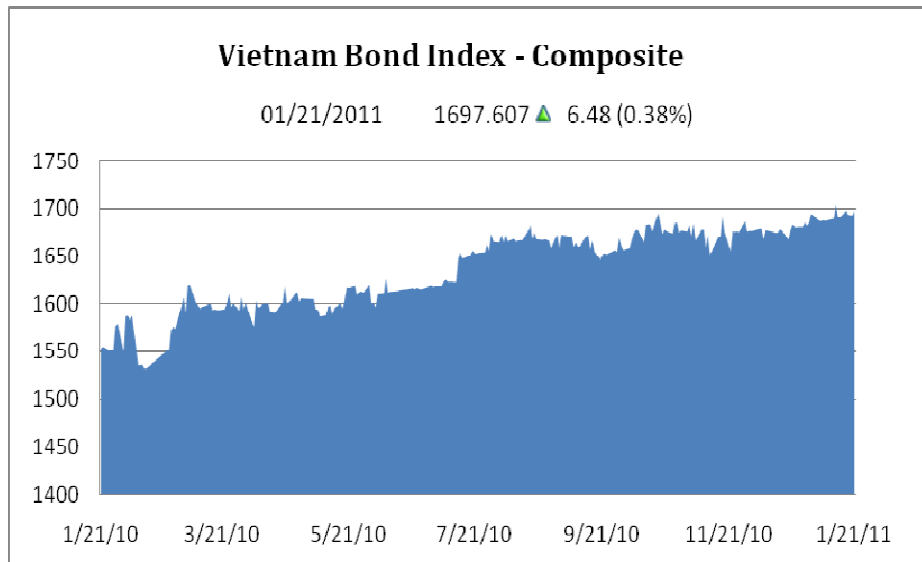
Consumer Confidence Index

Indexes	Dec-10	Sep-10	Change	% of change
VN Consumer Confidence Index	146.84	131.17	15.67	10.67%
VN Consumer Present Confidence Index	138.91	128.05	10.85	7.81%
VN Consumer Future Expectation Index	152.12	133.25	18.87	12.41%

Vietnam consumers showed strong belief in brilliant economic condition as recorded in a survey on December 2010 by Woori CBV, relatively Vietnam Consumer Confidence Index rose sharply by 15.67 point or 10.67%. In which, the present index went up by 7.81%, and the future expectation one climbed by 12.41%. These are ever largest increase levels of the indexes. Reasons for this remarkable advance may come from the fact that many bad news has released recently and already took effect on the economy, then future must be expected better. In addition, government also took actions to stabilize macro economic condition such as limiting interest rates, attempting to reduce the rates, and controlling inflation. GDP of 2011 was targeted to increase 7 - 7.5%. These affect positively consumers' expectation.

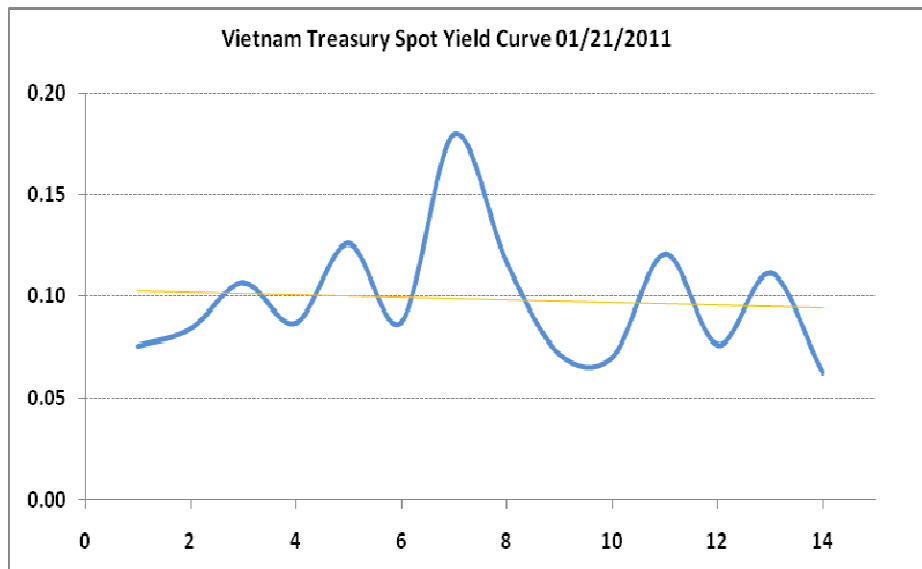
As a result, people tend to spend more in Q1 of 2011. Manufacturing companies might have a plan to produce more, and service companies might increase target sales for 2011.

Vietnam Bond Index



Name	Value	Change
Vietnam Bond Index - Corporate	1,222.74	■ 0.66 0.05%
Vietnam Bond Index - Government	1,704.99	▲ 6.78 0.40%
Vietnam Bond Index - Composite	1,697.61	▲ 6.48 0.38%
Vietnam Bond Index - Treasury	1,742.79	▲ 7.24 0.42%
Vietnam Bond Index - Municipal	1,141.05	■ 2.53 0.22%
Vietnam Bond Index - Financials	1,187.72	■ 0.94 0.08%
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	1,434.88	▲ 6.73 0.47%
Vietnam Bond Index - 3-5 Year Treasury	1,658.30	▼ -0.18 -0.01%
Vietnam Bond Index - 5-7 Year Treasury	1,129.15	▲ 0.05 0.00%
Vietnam Bond Index - 7-10 Year Treasury	1,702.29	▲ 58.96 3.59%
Vietnam Bond Index - 10-15 Year Treasury	1,619.30	■ 0.00 0.00%

Vietnam Treasury Spot Yield Curve



Name	Value	Change
Vietnam 1 Year Zero-coupon Treasury Spot Yield	0.076	▲ 0.0001 0.16%
Vietnam 2 Year Zero-coupon Treasury Spot Yield	0.084	▼ -0.0068 -7.49%
Vietnam 3 Year Zero-coupon Treasury Spot Yield	0.107	▲ 0.0036 3.48%
Vietnam 4 Year Zero-coupon Treasury Spot Yield	0.087	▲ 0.0002 0.24%
Vietnam 5 Year Zero-coupon Treasury Spot Yield	0.126	▼ 0.0000 -0.03%
Vietnam 6 Year Zero-coupon Treasury Spot Yield	0.087	▲ 0.0001 0.10%
Vietnam 7 Year Zero-coupon Treasury Spot Yield	0.180	▲ 0.0001 0.08%
Vietnam 8 Year Zero-coupon Treasury Spot Yield	0.116	▲ 0.0000 0.01%
Vietnam 9 Year Zero-coupon Treasury Spot Yield	0.072	▼ -0.0549 -43.27%
Vietnam 10 Year Zero-coupon Treasury Spot Yield	0.070	▲ 0.0034 5.11%
Vietnam 11 Year Zero-coupon Treasury Spot Yield	0.121	▲ 0.0044 3.80%
Vietnam 12 Year Zero-coupon Treasury Spot Yield	0.076	▲ 0.0029 4.01%
Vietnam 13 Year Zero-coupon Treasury Spot Yield	0.111	▲ 0.0065 6.16%
Vietnam 14 Year Zero-coupon Treasury Spot Yield	0.063	▲ 0.0030 5.06%

Trading Summary on Secondary
Auction Calendar

Trading date	Total Volume	Total Value (VND)
01/17/2011	3,200,000	332,380,800,000
01/18/2011	6,600,000	622,646,200,000
01/19/2011	0	0
01/20/2011	3,000,000	330,407,400,000
01/21/2011	1,000,000	103,582,000,000
Total	13,800,000	1,389,016,400,000

Offering Company	Type of issue	Type of auction	Maturity	Maturity Date	Offering value	Auction Date
State Treasury—Ministry of Finance	Normal	Combine	2 year	01/28/2011	1,000,000,000,000	01/26/2011
State Treasury—Ministry of Finance	Normal	Combine	3 year	01/28/2011	1,000,000,000,000	01/26/2011

Updated: 01/21/2011

Auction Results

Issuers	Maturity	Date of Auction	Winning Volume	Coupon	Yield	Lowest Yield	Highest Yield	Ceiling Yield
State Treasury—Ministry of Finance	3 year	12/09/2010	0	0.00	0.00	0.00	0.00	9.55
State Treasury—Ministry of Finance	5 year	12/09/2010	0	0.00	0.00	0.00	0.00	10.20
State Treasury—Ministry of Finance	10 year	12/09/2010	0	0.00	0.00	0.00	0.00	10.70
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

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Corporate Bonds

Issuers	Maturity	Issuing Date	Total Value	Yield (%)	Type
Saconbank Securities Company (SBS)	na	01/18/2011	200,000,000,000	13.5%	na
Saconbank Securities Company (SBS)	1 year	12/13/2010	300,000,000,000	na	na
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

COMMENTS & RECOMMENDATION

- ◆ Vietnam bond market ended the week with higher scores than last week. VBI increased 6,48 points, equivalent to 0.38%. Liquidity was also higher than last week, with trading value for the whole week worth more than 1389 billion dong. Particularly, the market had no transaction on Wednesday.
- ◆ The almost frozen bond auction on the primary market in recent weeks somewhat was warmed up again because the State Treasury, Ministry of Finance has decided to open two auctions on the primary market on 26/01/2011, with tender value of 2000 billion dong. Interest rates that the Government offer must be higher than rates investors expect in order to help the auctions be successful.

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