

VIETNAM WEEKLY BOND MARKET & INDEXES

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HEADLINES**Macro Economy**

- ◆ If Vietnam wants to raise money from overseas Vietnamese, it needs to revise the prevailing foreign exchange control regulations to facilitate overseas capital flows into Vietnam.
- ◆ Vietnam may raise policy rates again after April's inflation data, but is likely to hold off following China's footsteps and hike reserve requirements soon, economists and traders said.
- ◆ The Ministry of Finance(MoF) has proposed to the government to remove income tax on dividend payment to the shareholders and transaction tax and adjust personal income tax as well, the online newspaper Phapluat TP HCM reported on April 20.
- ◆ Vietnam balance of payment (BoP) is expected to be flat this year, including current account deficit of \$4 billion, capital account surplus of \$6 billion and error of -\$2 billion.

Import—Export

- ◆ Vietnam's export turnover from the French market in January 2011 reached more than 144.74 million Euro, up over 34 percent compared to the same month of last year.
- ◆ Vietnam's exports to South Korea in the first quarter surged 121 percent year on year to US\$1.17 billion, as exporters continued to take advantage of the low and zero tariffs under the 2007 ASEAN-Korea Free Trade Agreement.
- ◆ Slide in Japan exports signals prolonged weakness.
- ◆ Two-way trade turnover between Viet Nam and Cambodia reached US\$626.4 million in the first three months this year, up 45 per cent over the same period in 2009.

Bond News

- ◆ Hanoi Stock Exchange (HNX) has recently announced to organise an auction for two trillion dong of G-bonds issued by the State Treasury on April 21 via the northern bourse.
- ◆ Vietnam's five-year bonds dropped for a fifth day, the longest losing streak in five months, as inflation concerns and the prospect of higher interest rates sapped demand for fixed-income assets. The dong weakened.
- ◆ It's time for the Government to adjust the yield gap on Government Bonds to help improve liquidity for local bond market after failure of bond auctions during the last 3 months, suggested Vietnam Bond Market Association (VNBA).

Others

- ◆ The government may limit the import of wine and cosmetics products to the three ports of Hai Phong, HCM City and Da Nang.
- ◆ Import of used cars may be on progressive duty in respect to car value, in which absolute import tariff on luxuriously and super-luxuriously used vehicles will be higher than current levels, according to Ministry of Finance's proposal, VnExpress reported.
- ◆ Vietnam's Business Confidence Index (BCI) fell another 17 points to 109 in the first quarter of this year.
- ◆ Foreign investor believes in Vietnam's investment climate.
- ◆ HCM City plans to give investment priority to nine major service groups, four industrial groups and the agricultural sector during the 2011-15 period.

HEADLINES

Markets Gold

- ◆ Vietnam banks will stop lending gold from May 1 this year, the online newspaper Thoi Bao Kinh Te Sai Gon Online reported after the meeting between the State Bank of Vietnam (SBV) and local commercial banks on April 21.
- ◆ Sacombank Jewelry Company bought the metal at VND37.67 million and sold at VND37.69 million.
- ◆ On the foreign exchange market, the interbank US dollar exchange rate continued to drop by VND5 per dollar to VND20,723. State-owned Vietcombank bought the greenback at VND20,900, and sold at VND20,930.

Banking—Finance

- ◆ Vietnam is mulling to allow each commercial bank to invest in at most two other lenders, with the maximum ownership of 5 percent stake in each invested lender in an effort to restrict cross investments among local commercial banks.
- ◆ Vietnam Bank for Industry and Trade (VietinBank) and Sai Gon Fuel Corporation (SFC) on Wednesday signed a deal that enables all consumers to pay for petroleum and certain public services through an e-card.
- ◆ Commercial banks said they expect profit rise in the second half this year as inflation is controlled, interest rates decline and creating favourable conditions for credit growth.

Markets Oil-Gas & Petroleum

- ◆ Crude oil also surged to the highest level in two weeks as weekly oil reserves report showed a decline higher than expected. Crude oil futures for June settlement rose as much as \$3.17 a barrel, or, 2.9 percent, to close at \$111.45 a barrel. Brent crude oil futures for May delivery rose to \$123.85 a barrel.
- ◆ Crude Oil contributes over 21pct state budget in past decade.
- ◆ The Government has agreed to raise the capacity at Dung Quat Oil Refinery from the current 6.5 million tonnes to 10 million tonnes per year in the next five years.

Real Estate

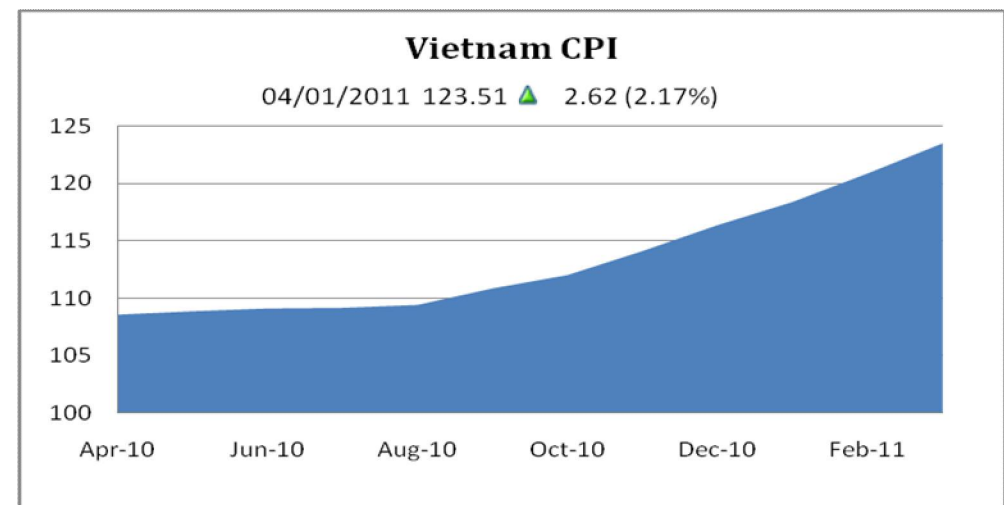
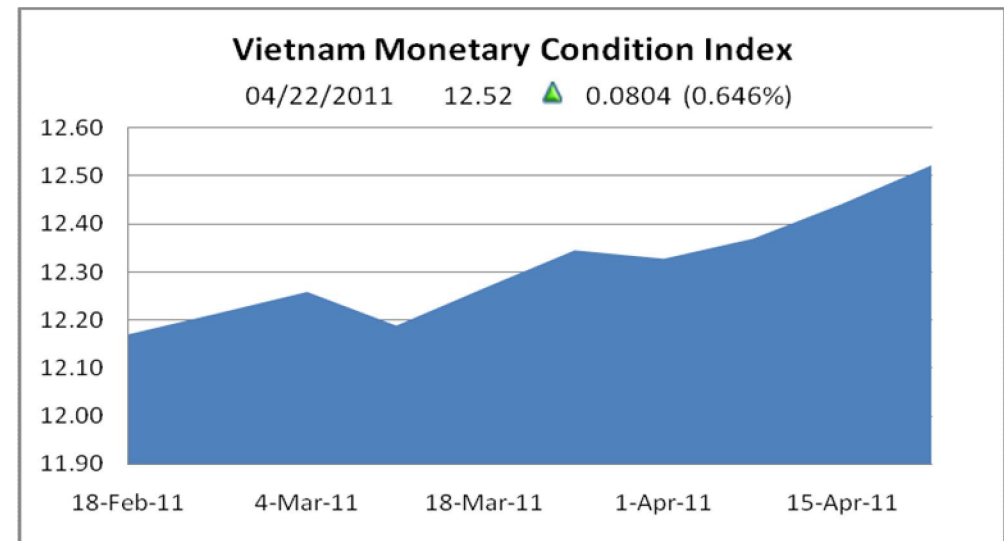
- ◆ The Vietnamese Government has adopted incentive policies for industrial parks (IPs) and export processing zones (EPZs) and considered them to be a key factor behind strong industrial growth.
- ◆ Real estate at Binh Duong new city is in hot demand.
- ◆ Oversupply to cause downward pressure on office rental.
- ◆ Nearly 35% of large, newly constructed homes in Vietnam's capital are left unused.
- ◆ 700 villas in Hanoi left unfinished.
- ◆ According to a report released by DTZ Research, the office sector in HCM City (HCM City) remains a challenge going into 2011. Rents and occupancy rates, which fell through 2010, have continued to see downward pressure during Q1 2011.

VIETNAM MACRO INDICATORS

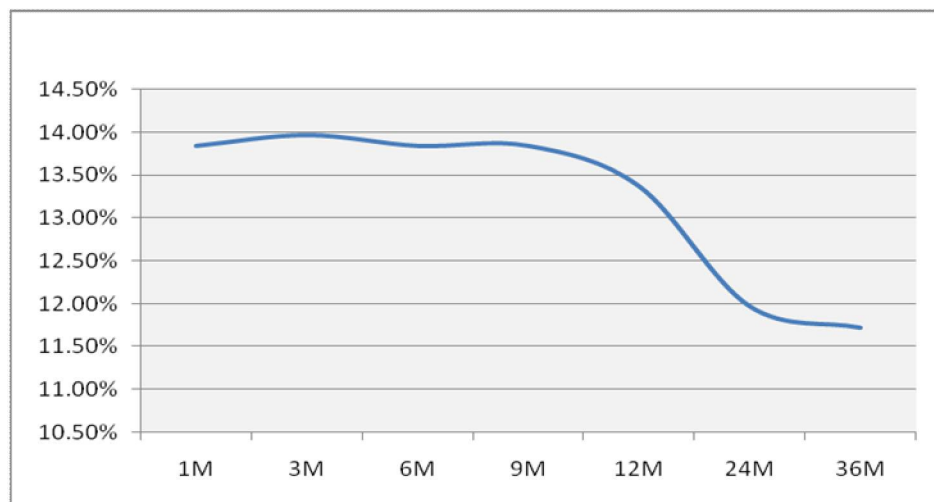
Macro Indicators

Date	Q1/2011	Q1/2010	Pct change
GDP (Bill VND)	441,707	362,895	21.72%
CPI	123.51	108.44	13.90%
Export (Mill USD)	19,245	14,014	37.33%
Import (Mill USD)	22,274	17,525	27.10%
Trade Deficit (Mill USD)	-3,029	-6,556	-53.80%
FDI (Thousand USD)	2,037,600	1,924,300	5.89%

Date	Mar-2011	Feb-2011	Pct change
CPI	123.51	120.89	2.17%
Export (Mill USD)	6,904	6,341	8.88%
Import (Mill USD)	8,106	7,168	13.09%
Trade deficit (Mill USD)	-1,202	-827	45.34%



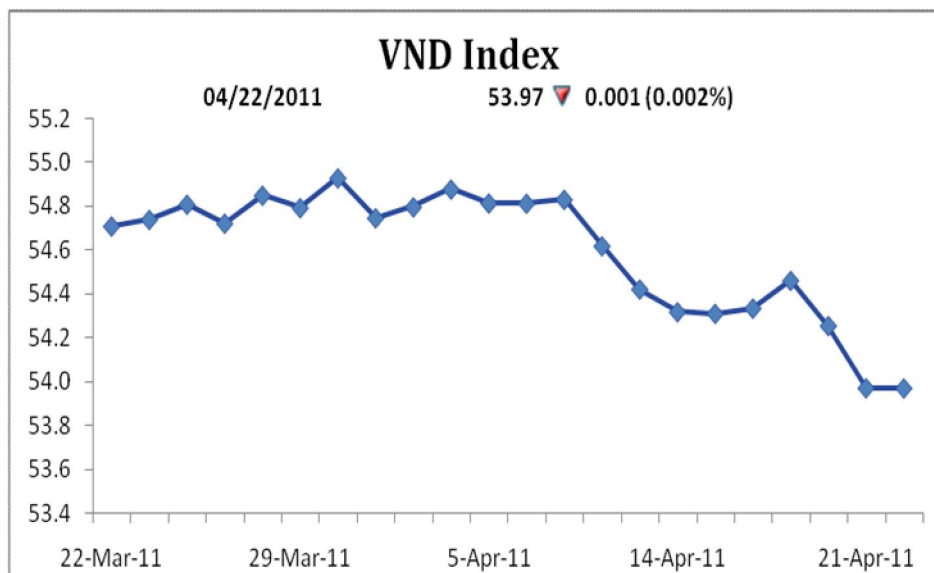
Average Vietnam Banks' Interest Rates



Yield Curve	1M	3M	6M	9M	12M	24M	36M
VCB	14.00%	14.00%	14.00%	14.00%	14.00%	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%

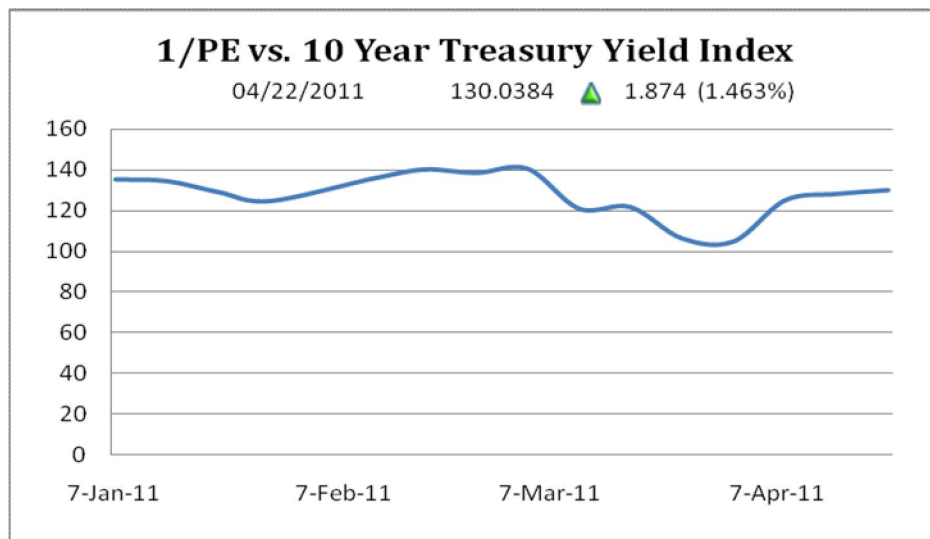
Source: VCB. ACB. Vietinbank. BIDV

VND Index



Date	Market movers				
4/22/2011	USD	20,905	■	-	0.00%
4/22/2011	EUR	30,502	▼	(56.00)	-0.18%
4/22/2011	JPY	255	▲	0.39	0.15%
4/22/2011	CNY	3,213	▲	2.57	0.08%
4/22/2011	TWD	724	▼	(0.35)	-0.05%
4/22/2011	SGD	16,959	▲	21.00	0.12%
4/22/2011	KRW	19	▼	(0.03)	-0.16%

P/E - 10 year Treasury Yield Index

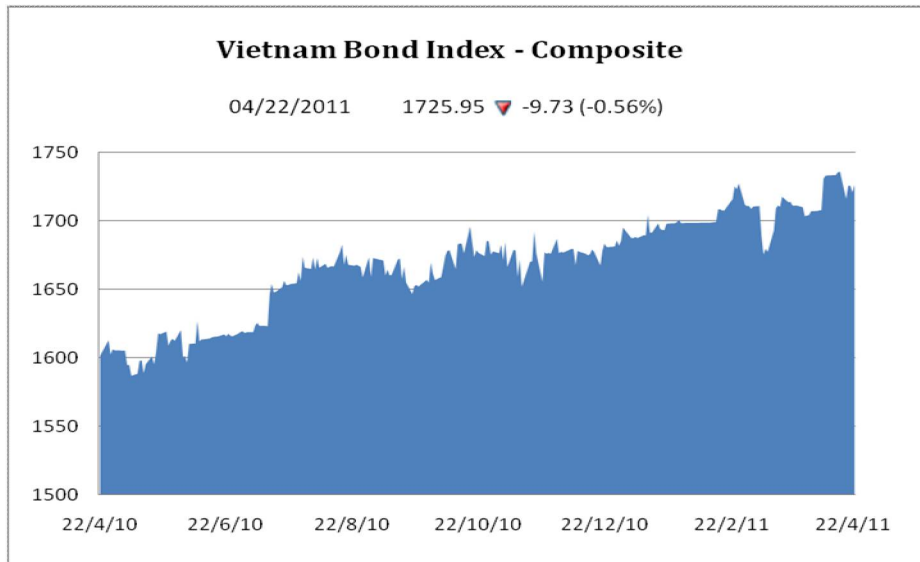


1/PE vs. 10-Year Treasury Yield Index is the metric of bond investor confidence, comparing return on two common investment channels, stock and bond. If the return on stock or 1/PE increases (with EPS constant in one quarter), showing that stock price or stock demand decreases and therefore, we can interpret 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

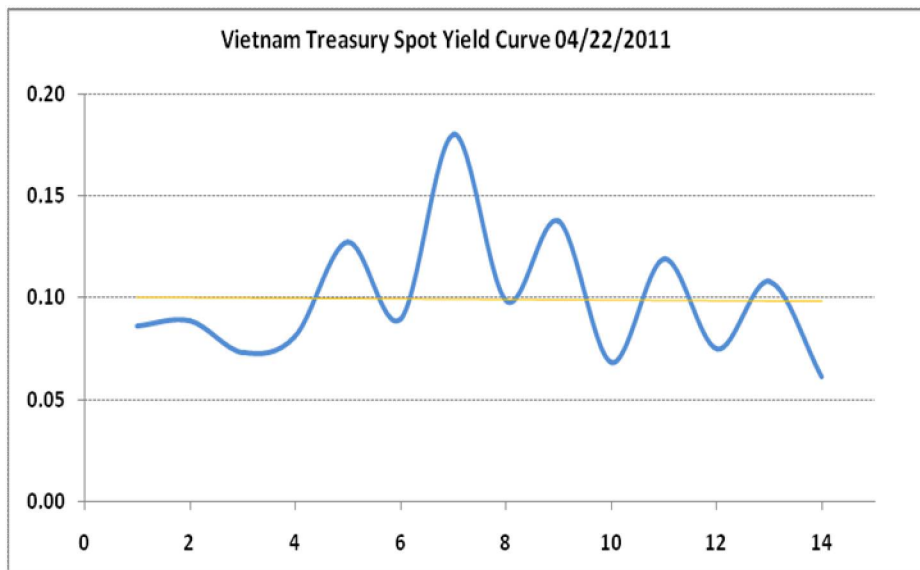
Indexes	Mar-11	Dec-10	Change	% of change
VN Consumer Confidence Index	153.19	146.84	6.35	4.32%
VN Consumer Present Confidence Index	149.85	138.91	10.94	7.87%
VN Consumer Future Expectation Index	155.41	152.12	3.29	2.16%

Vietnam Bond Index



Name	Value	Change
Vietnam Bond Index - Corporate	1,222.81	■ 0.00 0.00%
Vietnam Bond Index - Government	1,734.72	▼ -10.19 -0.58%
Vietnam Bond Index - Composite	1,725.95	▼ -9.73 -0.56%
Vietnam Bond Index - Treasury	1,774.41	▼ -10.84 -0.61%
Vietnam Bond Index - Municipal	1,193.44	■ -9.88 -0.82%
Vietnam Bond Index - Financials	1,187.83	■ 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	1,560.36	▲ 28.20 1.84%
Vietnam Bond Index - 3-5 Year Treasury	1,761.96	▲ 53.17 3.11%
Vietnam Bond Index - 5-7 Year Treasury	1,141.91	■ 0.00 0.00%
Vietnam Bond Index - 7-10 Year Treasury	1,589.81	▼ -281.04 -15.02%
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	0.086	▲ 0.0054 6.73%
Vietnam 2 Year Zero-coupon Treasury Spot Yield	0.089	▲ 0.0014 1.55%
Vietnam 3 Year Zero-coupon Treasury Spot Yield	0.073	▼ -0.0001 -0.20%
Vietnam 4 Year Zero-coupon Treasury Spot Yield	0.081	▼ -0.0166 -17.10%
Vietnam 5 Year Zero-coupon Treasury Spot Yield	0.127	▲ 0.0012 0.99%
Vietnam 6 Year Zero-coupon Treasury Spot Yield	0.090	▲ 0.0011 1.22%
Vietnam 7 Year Zero-coupon Treasury Spot Yield	0.180	▲ 0.0015 0.86%
Vietnam 8 Year Zero-coupon Treasury Spot Yield	0.098	▲ 0.0006 0.67%
Vietnam 9 Year Zero-coupon Treasury Spot Yield	0.138	▲ 0.0008 0.55%
Vietnam 10 Year Zero-coupon Treasury Spot Yield	0.068	▲ 0.0004 0.60%
Vietnam 11 Year Zero-coupon Treasury Spot Yield	0.119	▲ 0.0005 0.45%
Vietnam 12 Year Zero-coupon Treasury Spot Yield	0.075	▲ 0.0004 0.47%
Vietnam 13 Year Zero-coupon Treasury Spot Yield	0.108	▲ 0.0008 0.72%
Vietnam 14 Year Zero-coupon Treasury Spot Yield	0.061	▲ 0.0004 0.59%

Trading Summary on Secondary

Trading date	Total Volume	Total Value (VND)
04/22/2011	620,000	68,933,460,000
04/21/2011	2,700,000	272,073,800,000
04/20/2011	0	0
04/19/2011	6,500,000	784,692,900,000
04/18/2011	3,000,000	281,833,000,000
Total	12,820,000	1,371,533,160,000

Auction Calendar

Offering Com- pany	Type of issue	Type of auction	Maturity	Maturity Date	Offering value	Auction Date
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Updated: 04/22/2011

Auction Results

Issuers	Maturity	Date of Auction	Winning Volume	Coupon	Yield	Lowest Yield	Highest Yield	Ceiling Yield
State Treasury—Ministry of Finance	3 year	04/21/2011	350,000,000,000	11.00	12.30	11.60	16.00	12.30
State Treasury—Ministry of Finance	5 year	04/21/2011	301,000,000,000	11.20	11.90	11.80	17.00	12.10
State Treasury—Ministry of Finance	5 year	03/31/2011	0	11.20	0.00	12.50	12.70	11.80
State Treasury—Ministry of Finance	3 year	03/31/2011	0	11.00	0.00	11.95	12.70	11.60
State Treasury—Ministry of Finance	2 year	03/31/2011	0	0.00	0.00	12.60	13.50	11.40
Vietnam Expressway Corporation	3 year	03/30/2011	0	0.00	0.00	15.00	15.00	11.80

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Corporate Bonds

Issuers	Maturity	Issuing Date	Total Value	Yield (%)	Type
Saigon Securities Company (SSI)	na	03/26/2011	2,000,000,000,000	4	Convertible
Saconbank Securities Company (SBS)	1 year	02/25/2011	200,000,000,000	13.5	na
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

COMMENTS & RECOMMENDATION

- ♦ *Short term yields are higher than long-term ones according to result of the last auction in Hanoi Stock Exchange, thus 3-year treasuries had yield of 12.30%, while 5-year ones offered 11.90%, and yield spread is 0.4%. This fact witnessed an inverted yield curve, implying a down trend of short-term yield in future. Obviously, new issued short-term bonds are attractive now.*

Contact Information

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