

GLOBAL MARKETS UPDATE

02nd – 06th September 2024

GLOBAL MARKETS DIVISION
PRODUCTS AND MIDDLE OFFICE DEPARTMENT

The US

- **USD index** slid **-0.51%** and closed last week at **101.177**. The labor market still created new jobs while cooling down: initial jobless claims recorded 227,000, lower than expectation (231,000) and last week's figure (232,000). Average hours earnings +3.8% yoy, also higher than expectation (+3.7%) and July's record (+3.6%); unemployment rate moderated to 4.2%, in line with expectation. Non-farm payroll increased by 142,000, lower than expectation (~160,000), but higher than 89,000 in July. A 25-basis-point cut is widely expected at September meeting (at 73% probability) .

Eurozone

- **EUR/USD** closed at **1.1083, (+0.33% wow)** last Friday. August Composite PMI and PMI services were at 51 & 52.9, respectively, outperforming July's figures (50.2 & 51.9) and closed to expectation (51.2 & 53.3); industrial production +0.8% mom, beating forecast (+0.3% mom), but still down 2.1% yoy. Growth (Q2 GDP +0.2% qoq & 0.6% annualized) and labor market figures were in line with forecast. ECB is still expected to cut 25 bps (a 98-percent probability) in September.

The UK

- **GBP/USD** ended last week at **1.3123, -0.02% wow**. During weekdays, August Composite PMI and PMI services were at 53.8 & 53.7, respectively, beating than forecast (53.4 & 53.3) as well as July's figures. It's expected that BoE could have one or two 25-bp rate cuts within 2024Q4.

Japan

- **USD/JPY fell -2.66%** and closed at **142.27**. Yen appreciated against USD following employee wage's report. Average income of employee rose by 3.6% yoy in July, higher than forecast (+3%). GDP growth fell short of expectation (+0.7% qoq & 2.9% yoy vs expectation +0.8% & 3.1%), which should not support another rate hike by the end of 2024.

China

- **USD/CNY** ended last week at **7.088, -0.03% wow**. This week, PMI Caixin in August was 51.6, lower than expectation (51.9). Consumer price index increased 0.4% mom & 0.6% yoy, still lower than forecast (+0.5%). PPI slid -1.8% yoy more than forecast (-1.4%), implied low demand. Nevertheless, it is a welcoming news to inflation's readings in countries who are net imported from China.

Money market

- Interbank rate stayed roughly ~30-50 bps above OMOs' rate level. As of 6th September, overnight to 1-month rates posted at **4.59 – 4.71% per annum**; O/N rate increased by 12 bps.
- All of SBV-bill matured during the week.
- Trading in the Open Market remained active as SBV continues its effort to support interbank liquidity: total volume of reverse repo transacted were VND 23,665 bn. As of 06th September, outstanding net Open Market position recorded at VND **+46,404** bn.

Foreign exchange market

- **Interbank USD/VND rate slid 275 dong** compared to the previous week. As of 6th September, interbank FX rate has raised **+1.4% ytd** or **+2.66% yoy**.
- SBV's central rate was stable, while unofficial exchange rate recorded at 25,150, **380-dong** higher than VCB's asking rate closing Friday.
- SJC gold price **moderated to VND 80.5 mil per tael (-0.62% wow)**. Estimated price gap between domestic and global price (tax, fee excluded) at ~VND 5.4 mil per tael.

Government Bond market

➤ Primary

- VN's State Treasury auctioned off VND **2,564 bn** last week, out of combined VND 12,000 bn offerings at 5Y, 10Y, 15Y and 20Y tenors. Winning volume-to-offering ratios stood at 40%; 16%; 19% and 92%, respectively. Winning values dropped compared to recent auctions. Winning bid rates were almost unchanged for all tenors. In detail:
 - 5Y: VND 200 bn VND winning bid rate at **1.98% p.a.** (+3 bps wow),
 - 10Y: VND 1,150 bn VND winning bid rate at **2.71% p.a.** (unchanged),
 - 15Y: VND 750 bn VND winning bid rate at **2.9% p.a.** (unchanged).
 - 20Y: VND 464 bn VND winning rate bid at **3% p.a.** (unchanged).
- Year-to-date issuance volume reached VND **240,861 bn** (or 60% of 2024's plan).

➤ Secondary

- In the secondary market, government bond's trading volume ranged from VND 3,600 – 3,900 bn per trading day, mostly in 10Y- 15Y tenors.
- Bond yields were largely unchanged. As of 6th September, 5Y, 10Y and 15Y tenors yielded 1.96% p.a., 2.72% p.a., and 2.9% p.a.

Coffee (ICE)

- Coffee prices **decreased**, moving in same direction with many commodities with an exception of agriculture produce. As of August 30th, September Arabica coffee price (ICE US) **plummeted 6.07%** compared to last week, to **2.4 USD/pound**, while September Robusta coffee price (ICE UK) **decreased 2.46% to 5,205 USD/ton**.

Wheat (CBOT)

- September wheat price **surged 3.95%** from last week to **\$5.52 per bushel**. Meanwhile, September corn price **increased 1.19%** compared to last week to around **3.83 USD/bushel**, due to high export demand from the US.

Metal (COMEX, DCE)

- September copper (COMEX) prices **tumbled** during the week, to **4.005 USD/pound (-3.59%)**, due to weak demand in China. In the meantime, September iron ore 62% Fe contract (DCE) **dropped -6.68% to 92 USD/ton** (715 CNY). The downward force derived from weak demand and inventories reaching its peak since Apr 22.

Energy (NYMEX)











- Oil prices dropped as supply from Libya returned while concern on weak demand from the US and China persisted. Consequently, OPEC+ postponed output hike.
- As of 30th August, October WTI oil prices **decreased -7.45%** to **68.2 USD/barrel**, November Brent oil prices decreased **-9.33%** to **71.5 USD/barrel**.

EXCHANGE RATE

	6-Sep-24	Last week	5D (+/-)	MTD (+/-)	YTD (+/-)	YOY (+/-)
USD index	101.177		▼ -0.51%	▼ -0.51%	▼ -0.15%	▼ -3.51%
EUR/USD	1.1083		▲ 0.33%	▲ 0.33%	▲ 0.43%	▲ 3.32%
GBP/USD	1.3123		▼ -0.02%	▼ -0.02%	▲ 3.10%	▲ 4.94%
AUD/USD	0.667		▼ -1.39%	▼ -1.39%	▼ -2.06%	▲ 4.51%
USD/JPY	142.270		▼ -2.66%	▼ -2.66%	▲ 0.86%	▼ -3.64%
USD/CNY	7.088		▼ -0.03%	▼ -0.03%	▼ -0.14%	▼ -3.12%
USD/KRW	1,337.26		▲ 0.05%	▲ 0.05%	▲ 3.31%	▲ 0.28%
XAU (USD/oz)	2,516.96		▲ 0.53%	▲ 0.53%	▲ 22.00%	▲ 31.30%
VCB asking FX rate	24,820		▼ -0.92%	▼ -0.92%	▲ 1.55%	▲ 2.48%
SBV central FX rate	24,202		▼ -0.09%	▼ -0.09%	▲ 1.41%	▲ 0.88%
SBV bid FX rate	23,400		▬ 0.00%	▬ 0.00%	▬ 0.00%	▬ 0.00%
SBV ask FX rate	25,362		▼ -0.09%	▼ -0.09%	▲ 1.41%	▲ 0.88%
Unofficial FX rate	25,150		▼ -0.54%	▼ -0.54%	▲ 1.45%	▲ 4.02%
SJC gold (VND thou./tael)	80,500		▼ -0.62%	▼ -0.62%	▲ 8.78%	▲ 17.95%

*Source: Refinitiv

INTEREST RATE

	6-Sep-24	Last week	5D (+/-)	MTD (+/-)	YTD (+/-)	YOY (+/-)
SOFR	Unit: %		Unit: bps			
CME 3M	4.94		▼ -7.8	▼ -7.8	▼ -39.3	▼ -45.9
CME 6M	4.59		▼ -11.7	▼ -11.7	▼ -56.6	▼ -86.1
US Treasuries	Unit: %					
2Y	3.65		▼ -26.4	▼ -26.4	▼ -59.4	▼ -137.4
10Y	3.71		▼ -19.5	▼ -19.5	▼ -15.1	▼ -58.0
Money Market	Unit: %		Unit: % point			
1W	4.61		▲ 0.08	▲ 0.08	▲ 1.33	▲ 4.19
1M	4.71		▼ -0.01	▼ -0.01	▲ 2.15	▲ 3.29
VN Treasuries (VBMA)	Unit: %		Unit: bps			
5Y	1.96		▲ 0.7	▲ 0.7	▲ 42.5	▲ 12.6
7Y	2.23		▼ -0.3	▼ -0.3	▲ 28.6	▼ -4.6
10Y	2.72		▲ 0.0	▲ 0.0	▲ 47.9	▲ 14.0
15Y	2.90		▼ -0.1	▼ -0.1	▲ 46.8	▲ 12.7

*Source: Refinitiv

MACROECONOMIC INDICE

	Unit	09/23	10/23	11/23	12/23	01/24	02/24	03/24	04/24	05/24	06/24	07/24	08/24
Consumption													
Retail sales and services	% yoy	7.5	7.0	10.1	9.3	8.1	8.5	9.2	9.0	8.7	8.6	8.7	8.5
- Retail sales	% yoy	7.4	6.7	9.1	8.6	7.3	7.0	7.6	7.2	7.4	8.1	7.4	7.3
- Tourism	% yoy	44.9	51.4	70.9	71.3	18.5	35.8	66.1	57.6	45.1	37.1	31.8	26.2
Passenger transport	% yoy	5.7	6.5	5.1	8.5	3.0	14.3	9.4	8.2	6.1	4.3	7.2	7.5
Freight transport	% yoy	12.5	11.9	7.7	8.2	1.8	13.5	13.3	11.5	11.4	13.5	13.3	13.0
International visitors	% yoy	144.1	129.7	106.6	93.9	10.3	64.1	78.6	58.2	64.9	58.4	51.0	45.8
Manufacturing													
Industrial production	% yoy	5.1	4.1	5.8	5.8	18.3	5.7	4.1	6.3	6.8	9.5	8.5	8.6
- Processing and Mfg.	% yoy	5.9	4.9	6.3	7.6	19.3	5.9	4.6	7.0	7.3	10.8	9.5	9.7
PMI manufacturing	index	49.7	49.6	47.3	48.9	50.3	50.4	49.9	50.3	50.3	54.7	54.7	52.4
PMI - employment index	index	48.3	50.1	48.8	49.9	49.7	50.9	52.1					
Unemployment rate (qtr)	%	2.3		2.3			2.2			2.3			
Labor employed - Mfg.	% yoy	1.0	1.0	1.0	1.0	0.5	0.3	1.1	3.4	3.4	4.0	3.3	4.5
Total investment	% yoy	7.6		7.5			5.2			6.8			
Foreign investment													
New registered	USD bn.	2.1	5.6	3.1	7.8	2.4	1.9	0.5	2.3	0.8	1.6	2.8	2.5
- Processing and Mfg.	USD bn.	1.7	4.8	2.1	2.5	0.9	1.6	1.4	1.1	0.4	1.5	1.0	
Realized	USD bn.	2.8	2.1	2.3	2.9	1.5	1.3	1.8	1.7	2.0	2.6	1.7	1.6
Trade													
Exports, goods	% yoy	4.6	5.9	6.7	13.1	42.0	-5.0	14.2	10.6	15.2	14.5	15.7	15.8
Imports, goods	% yoy	2.6	5.2	5.1	12.3	33.3	1.8	9.7	15.4	18.2	17.0	18.5	17.7
Trade balance, goods	USD bn.	2.2	2.7	1.4	2.1	3.6	1.4	2.8	1.1	-0.5	3.2	2.4	0.0
Trade balance, services (qtr)	USD bn.	-2.6		-2.8			-2.3			-4.9			
Consumer price index													
Headline inflation	% yoy	3.66	3.59	3.45	3.58	3.37	3.98	3.77	3.93	4.03	4.08	4.08	3.45
Core inflation	% yoy	3.80	3.43	3.15	2.98	2.72	2.96	2.76	2.79	2.68	2.61	2.61	2.53
PMI - input price	index	54.7	55.8	55.9	55.5	55.6	55.0	53.0	53.1	58.4	59.9	59.4	
PMI - output price	index	51.9	52.4	52.1	50.2	49.7	50.8	49.6	48.6	52.4	54.4	53.9	

Event from 09th- 13th September 2024

09/09

- ✓ **The US:** Consumer credit in Jul

10/09

- ✓ **The UK:** Unemployment & average wages (Jul).
- ✓ **China :** Import-export turnover & trade balance (Aug).

11/09

- ✓ **The UK:** Industrial production, GDP in July
- ✓ **China:** Credit growth and new loans in Aug
- ✓ **The US:** CPI in Aug

12/09

- ✓ **Eurozone:** Monetary policy decision in Sep.
- ✓ **The US:** Weekly initial jobless claims, PPI (Aug).

13/09

- ✓ **The US :** Import-export price index (Aug).
- ✓ **Eurozone, Japan:** Industrial production in Jul.
- ✓ **China:** Industrial production, retail sales & unemployment rate (Aug)

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