

# GLOBAL MARKETS UPDATE

*29<sup>th</sup> July- 02<sup>nd</sup> August 2024*

GLOBAL MARKETS DIVISION  
PRODUCTS AND MIDDLE OFFICE DEPARTMENT

## The US

- **DXY** dropped to **103.208, -1.06% wow**. After 30-31 July meeting, Fed officials decided to keep rate unchanged at 5.25% - 5.5% per annum as inflation cooling down and labor market “coming into better balance”. At post-meeting press conference, Fed’s Powell implied a rate cut in September as long as no surprise economic readings in the next 6 weeks. On Friday, non-farm payrolls grew by just 114,000 in July, below the downwardly revised 179,000 in June and economists’ estimate of 175,000, while unemployment rate edged higher to 4.3%, up from 4.1% in June. Given unexpectedly weak labor data, market is currently pricing two 50-bp rate cuts in September and November FOMC meeting.

## Eurozone

- **EUR/USD** closed at **1.0908** last Friday, **+0.47% wow**. GDP in 2Q increased by 0.3%, beating consensus 0.2% in both the Eurozone and the EU. The headline and core HICP inflation were 2.6% and 2.9% yoy (higher than the forecast of 2.5% and 2.8%, respectively). Services inflation, whose stickiness has raised some concerns on the downtrend of inflation, slid to 4% yoy in July from 4.1% in June, which reaffirmed market expectation of another 25-bp rate cut in September.

## The UK

- **GBP/USD** ended last week at **1.2798, -0.57% wow**. GBP’s downtrend halted following BoE decision to cut rate 25bps in August meeting. This is the first rate-cut since March 2020. BoE also projected that inflation shall reach 2.75% at the end of 2024 and approach 2% in the early 2026.

## Japan

- **JPY rose +4.67%** against USD and closed at **146.54**. Yen kept appreciated against the USD following the decision of BoJ to raise rates from 0-0.1%p.a to 0.25% p.a. In the meantime, BoJ also outlined roadmap for trimming bond buying program. The fact that BOJ cutting rate prior to GDP reading in 2Q hinted at BoJ’s priority of the stability of JPY and inflation control over the impact of rate hike on growth path.

## China

- **USD/CNY** down **-1.24%** and ended last week at **7.16**. This week, Caixin PMI reported at 49.8, lower than market projection at 51.4 point, implying a weakness in production. Hence, the markets are waiting for more stimulus after slight rate cuts from PBoC last week.

## Money market

- Interbank rate fluctuated around OMOs' rate level. As of 2<sup>nd</sup> August, O/N – 1M rates posted at **4.83 - 5% per annum**, with a slightly lower rates recorded in the overnight tenor.
- Trading in the Open Market remained active thanks to ample liquidity. This week, total volume of SBV bills and reverse repo transacted were VND 58,750 bn and VND 23,996 bn, respectively. Net withdrawal this week were VND **45,729.24 bn**.
- As of 02<sup>nd</sup> August, net OMO position recorded at – VND 50,984 bn (of which SBV bills at VND 74,950 bn; reverse repo at VND 23,966 bn).

## Foreign exchange market

- **Interbank USD/VND rate slid 95 dong** compared to the previous week, due to weaker USD. As of 02<sup>nd</sup> August interbank FX rate has raised **+3.97% ytd** or **+6.19% yoy**.
- SBV's central rate and spot selling price were stable, while unofficial exchange rate recorded at 25,662, 260-dong higher than VCB's quoted asking rate.
- SJC gold price slightly **rose to VND 79.5 mil per tael (+0.38% wow)**. Estimated price gap between domestic and global price (excluded tax and fee) at ~VND 5.5 mil per tael.

## Government Bond market

### ➤ Primary

- VN's State Treasury auctioned off VND **5,020 bn** last week, out of combined VND 11,500 bn offerings at 5Y, 10Y and 30Y tenors. The auction for 15Y tenor registered no winning bid. Winning volume-to-offering ratios stood at 100%; 56%; 14% respectively. In detail:
  - . 5Y: VND 1,000 bn VND winning bid rate at **1.94%** p.a. (+4 bps wow),
  - . 10Y: VND 3,950 bn VND winning bid rate at **2.76%** p.a. (unchanged),
  - . 30Y: VND 70 bn VND winning rate at **3.1%** p.a. (unchanged compared to the latest session in June).
- Year-to-date issuance volume has reached VND **193,014 bn (or 48% of 2024's plan)**.

### ➤ Secondary

- In the secondary market, government bond's trading volume ranged from VND 4,000-14,000 bn per trading day, mostly in 10Y- 15Y tenors.
- As of 02<sup>nd</sup> August, yields on benchmark 5Y, 10Y and 15Y tenors posted at 1.98% p.a., 2.79% p.a. and 2.96% p.a. respectively, largely unchanged compared to last week.

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## Coffee (ICE)

- Coffee prices **fell** to 4-week low as concerns about drought and frost in major growing regions in Brazil eased. As of August 02<sup>nd</sup>, December Arabica coffee price (ICE US) **fell by 0.28%** compared to last week, to **2.29 USD/pound**, while September Robusta coffee price (ICE UK) **dropped by 1.97%** to about **4,227 USD/ton**.

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## Wheat (CBOT)

- September wheat price **increased 3.4%** from last week to **\$5.4 per bushel**. Meanwhile, December corn price **slid 1.96%** last week to around **3.87 USD/bushel**, as the weather forecast for corn growing region in the U.S. are generally favored, bolstering expectations for a large U.S. corn harvest.

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## Metal (COMEX, DCE)

- September copper (COMEX) prices **increase** during the week, to **4.11 USD/pound (+0.15%)**, while September iron ore 62% Fe contract (DCE) **fell -2.4%** to **103.5 USD/ton** (791 CNY) due to laggard demand from China, investors were quite disappointed as no further stimulus to the economy.

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## Energy (NYMEX)

- Oil prices has fallen four weeks in a row as weak demand outweighed tension in Middle East.
- As of 02<sup>nd</sup>, August WTI oil prices **fell by -2.8%** to **74.14 USD/barrel**, September Brent oil prices ticked down **3.71%** to **77.56 USD/barrel**.

# EXCHANGE RATE

	2-Aug-24	Last week	5D (+/-)	MTD (+/-)	YTD (+/-)	YOY (+/-)
USD index	103,208		▼ -1,06%	▼ -0,85%	▲ 1,85%	▲ 0,60%
EUR/USD	1,0908		▲ 0,47%	▲ 0,77%	▼ -1,16%	▼ -0,26%
GBP/USD	1,2798		▼ -0,57%	▼ -0,45%	▲ 0,54%	▲ 0,70%
AUD/USD	0,6509		▼ -0,60%	▼ -0,47%	▼ -4,42%	▼ -0,44%
USD/JPY	146,540		▼ -4,67%	▼ -2,29%	▲ 3,88%	▲ 2,25%
USD/CNY	7,160		▼ -1,24%	▼ -0,82%	▲ 0,88%	▼ -0,43%
USD/KRW	1.356,63		▼ -1,96%	▼ -0,91%	▲ 4,81%	▲ 4,44%
XAU (USD/oz)	2.443,81		▲ 2,33%	▼ -0,20%	▲ 18,46%	▲ 26,23%
VCB asking FX rate	25.400		▼ -0,24%	▼ -0,22%	▲ 3,93%	▲ 6,28%
SBV central FX rate	24.242		▼ -0,03%	▼ -0,05%	▲ 1,58%	▲ 1,97%
SBV bid FX rate	23.400		0,00%	0,00%	0,00%	0,00%
SBV ask FX rate	25.450		0,00%	0,00%	▲ 1,76%	▲ 2,16%
Unofficial FX rate	25.662		▼ -0,29%	▼ -0,25%	▲ 3,51%	▲ 8,19%
SJC gold (VND thou./tael)	79.800		▲ 0,38%	▲ 1,01%	▲ 7,84%	▲ 18,57%

\*Source: Refinitiv

	2-Aug-24	Last week	5D (+/-)	MTD (+/-)	YTD (+/-)	YOY (+/-)
<b>SOFR</b>	Unit: %		Unit: bps			
CME 3M	5,23		▼ -2,8	▼ -1,3	▼ -10,4	▼ -14,2
CME 6M	5,01		▼ -8,4	▼ -6,8	▼ -15,0	▼ -42,7
<b>US Treasuries</b>	Unit: %					
2Y	3,87		▼ -51,4	▼ -38,6	▼ -37,6	▼ -101,3
10Y	3,79		▼ -40,2	▼ -24,1	▼ -7,4	▼ -29,6
<b>Money Market</b>	Unit: %		Unit: % point			
1W	4,83		▼ -0,17	▲ 0,15	▲ 1,55	▲ 4,36
1M	5,00		▼ -0,02	▲ 0,05	▲ 2,44	▲ 3,12
<b>VN Treasuries (VBMA)</b>	Unit: %		Unit: bps			
5Y	1,98		▼ -0,5	▲ 0,2	▲ 44,3	▲ 17,6
7Y	2,30		▲ 0,3	▲ 0,3	▲ 35,9	▲ 17,7
10Y	2,79		▼ -0,6	▼ -0,3	▲ 55,5	▲ 38,4
15Y	2,96		▼ -0,1	▲ 0,0	▲ 52,1	▲ 33,2

\*Source: Refinitiv

# INTEREST RATE PROBABILITIES

Central Bank	Next meeting date	Current rate (%)	Implied rate (%)	Most probable action	Change by (%)	Probability(%)
<b>US</b>	18-09-24	5.375	4.852	Cut	-0.5	75
<b>EU</b>	12-09-24	3.75	3.365	Cut	-0.25	95
<b>Japan</b>	20-09-24	0.25	0.228	No change	-	85.4
<b>England</b>	19-09-24	5.25	4.843	No change	-	61.3

*Source: Refinitiv, as of 05<sup>th</sup> Aug, 2024*



# MACROECONOMIC INDICE

	Unit	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
<b>Consumption</b>														
Retail sales and services	% yoy	7.1	7.6	7.5	7.0	10.1	9.3	8.1	8.5	9.2	9.0	8.7	8.6	8.7
- Retail sales	% yoy	7.0	7.5	7.4	6.7	9.1	8.6	7.3	7.0	7.6	7.2	7.4	8.1	7.4
- Tourism	% yoy	6.5	21.3	44.9	51.4	70.9	71.3	18.5	35.8	66.1	57.6	45.1	37.1	31.8
Passenger transport	% yoy	5.3	5.9	5.7	6.5	5.1	8.5	3.0	14.3	9.4	8.2	6.1	4.3	7.2
Freight transport	% yoy	9.8	13.6	12.5	11.9	7.7	8.2	1.8	13.5	13.3	11.5	11.4	13.5	13.3
International visitors	% yoy	194.6	150.3	144.1	129.7	106.6	93.9	10.3	64.1	78.6	58.2	64.9	58.4	51.0
<b>Manufacturing</b>														
Industrial production	% yoy	3.7	2.6	5.1	4.1	5.8	5.8	18.3	5.7	4.1	6.3	6.8	9.5	8.5
- Processing and Mfg.	% yoy	3.6	3.5	5.9	4.9	6.3	7.6	19.3	5.9	4.6	7.0	7.3	10.8	9.5
PMI manufacturing	index	48.7	50.5	49.7	49.6	47.3	48.9	50.3	50.4	49.9	50.3	50.3	54.7	54.7
PMI - employment index	index	48.5	49.7	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	0.9	1.0	1.0	1.0	1.0	1.0	0.5	0.3	1.1	3.4	3.4	4.0	3.3
Total investment	% yoy		7.6			7.5			5.2			6.8		
<b>Foreign investment</b>														
New registered	USD bn.	2.8	1.9	2.1	5.6	3.1	7.8	2.4	1.9	0.5	2.3	0.8	1.6	2.8
- Processing and Mfg.	USD bn.	2.5	1.4	1.7	4.8	2.1	2.5	0.9	1.6	1.4	1.1	2.4	3.3	
Realized	USD bn.	1.6	1.5	2.8	2.1	2.3	2.9	1.5	1.3	1.8	1.7	2.0	2.6	1.7
<b>Trade</b>														
Exports, goods	% yoy	-3.5	-7.6	4.6	5.9	6.7	13.1	42.0	-5.0	14.2	10.6	15.2	14.5	15.7
Imports, goods	% yoy	-9.9	-8.3	2.6	5.2	5.1	12.3	33.3	1.8	9.7	15.4	18.2	17.0	18.5
Trade balance, goods	USD bn.	2.2	3.8	2.3	3.0	1.3	2.3	2.9	1.1	2.9	0.7	-1.0	2.9	2.1
Trade balance, services (qtr)	USD bn.		-2.6			-2.8			-2.3			-4.9		
<b>Consumer price index</b>														
Headline inflation	% yoy	2.1	3.0	3.7	3.6	3.4	3.6	3.4	4.0	4.0	4.4	4.4	4.1	4.1
Core inflation	% yoy	4.1	4.0	3.8	3.4	3.2	3.0	2.7	3.0	2.8	2.8	2.7	2.6	2.7
PMI - input price	index	48.3	52.8	54.7	55.8	55.9	55.5	55.6	55.0	53.0				
PMI - output price	index	46.0	51.2	51.9	52.4	52.1	50.2	49.7	50.8	49.6				

## Event from 05<sup>th</sup>- 09<sup>th</sup> August, 2024

05/08

- ✓ **Japan:** Minutes from the latest meeting, household spending.
- ✓ **China, US:** PMI services July
- ✓ **Eurozone:** PPI, PMI index in June

06/08

- ✓ **The US:** Export- import turnover in June

07/08

- ✓ **The US:** weekly crude oil inventory
- ✓ **Japan:** current account in June
- ✓ **China:** Export- import turnover, trade balance in July

08/08

- ✓ **The US:** Initial jobless claims
- ✓ **China:** PPI, Inflation in July

09/08

- ✓ **Germany:** Inflation in July
- ✓ **Canada:** change in labor force in July

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