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Export date: Thu Jun 20 5:37:38 2013 / +0000 GMT

Vietnam?s two-year bonds decline most since August after auction

Vietnam?s two-year bonds fell the most in five months after yields increased at a government debt auction. The dong was steady.

The State Treasury sold 3.81 trillion dong ($183 million) of notes due 2015 at 8.64 percent yesterday, according to the Hanoi Stock Exchange website. Similar-maturity securities were issued at 8.44 percent at the previous auction on Jan. 11.

?The yield increase at the bond auction prompted traders to seek higher rates in secondary market for all maturities,? said Nguyen Thi Ngoc Anh, head of fixed-income trading at Asia Commercial Bank in Ho Chi Minh City.

The yield on two-year notes rose 17 basis points, or 0.17 percentage point, to 8.57 percent in Hanoi, according to a daily fixing from banks compiled by Bloomberg. That?s the biggest increase since Aug. 22 and the highest level since Jan. 14.

The dong traded at 20,848 per dollar as of 4:43 p.m. in Hanoi, unchanged from yesterday, according to data compiled by Bloomberg. The State Bank of Vietnam set its reference rate at 20,828, unchanged since December 2011, according to its website. The currency is allowed to trade as much as 1 percent on either side of the fixing.
Bloomberg