

**Fixed-Income Report**

**Jun 01<sup>st</sup> – 05<sup>th</sup>/2020**

**In this issue**

- Round up
- Bond market
- Interest rates

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See Disclaimer at Page 5

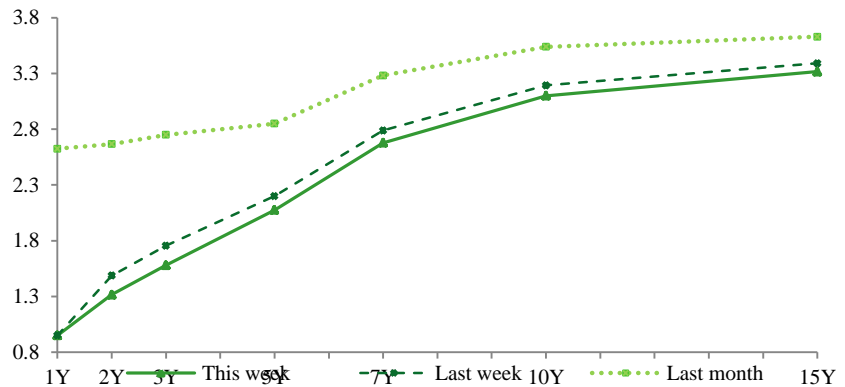
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**Round-up**

**Primary market was more active.  
Yield curve shifted downward and became steeper.  
Interbank rates pulled down.**

**Yield Curve**



Source: Bloomberg, VCBS

■ VND 5,207 bn was mobilized on the primary market. VND 36,943 bn (-13.20% wow) was traded on the secondary market.

■ Yield curve shifted downwards fictionally. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 0.95% (0 bps), 1.315% (-17.2 bps), 1.58% (-17.5 bps), 2.075% (-12.5 bps), 2.678% (-11.1 bps), 3.1% (-9.4 bps), 3.317% (-7.5 bps), respectively.

■ Interbank rates are kept at low levels. In details, ON – 3M rates posted at 0.343%, 0.479%, 0.671%, 1.157% and 2.329%, respectively according to Bloomberg data.

■ Foreign investors net bought VND 951.23 bn this week.

■ SBV net injected VND 26.995 bn via OMO channel.

**VCBS Commentary June 08<sup>th</sup> – June 13<sup>th</sup>**

■ From the primary market and macroeconomic indicators, it can be indicated that investors are conservative about the movement of the bond yields. These days, the liquidity in money market was one of the main factor driving bond yields. Till now, it is highly that bond yields will move in a downward tight band in the next week.

■ There is a high probability that interbank rate will stay at this level because: (1) Public disbursement only increased fractionally; (2) Credit growth was slower than the same period last year and is projected at 10% for the whole year. (3) Exchange rates cooled down these days. With these assumptions, we anticipate that interbank rate shall be kept at low level until further information showed up.

**Bond Market**

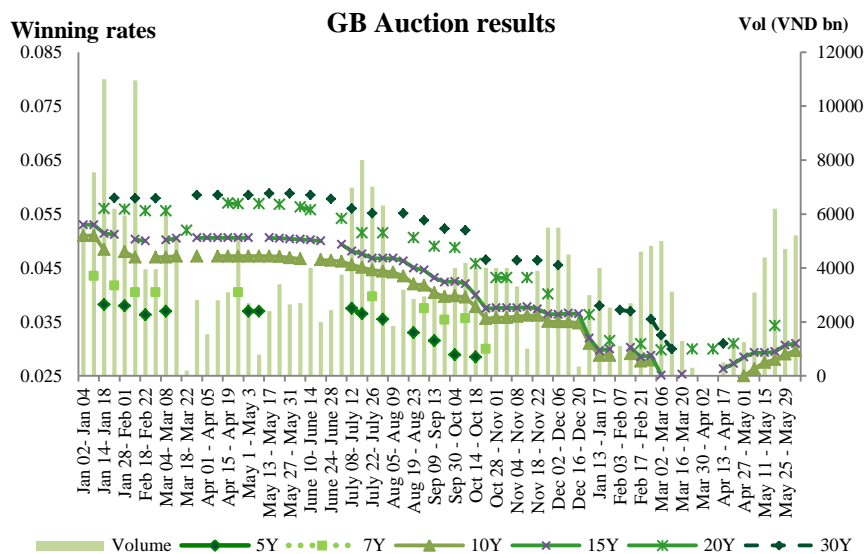
**Primary Market**

**VND 5,207 bn was mobilized this week.**

**Wining rates continued to increase. Wining volume focused on 10Y & 15Y tenors.**

**VND 5,207 bn was mobilized this week from ST.** Therein, ST issued **VND 500 bn** at 5Y, **VND 1,707 bn** at 10Y, **VND 3,000 bn** at 15Y tenors. Meanwhile, the auction for 20Y tenor was not successful. The registered volume-to-offering volume ratios for 5Y, 10Y, 15Y & 20Y tenors were 4.70, 1.72, 1.32 and 1.40 times. Wining rates for 10Y, 15Y & 20Y tenors stood at 2.90% (+10 bps), 3.07% (+08 bps), respectively.

Besides, VDB and VBSP did not mobilize bond this week.



Source: HNX, VCBS

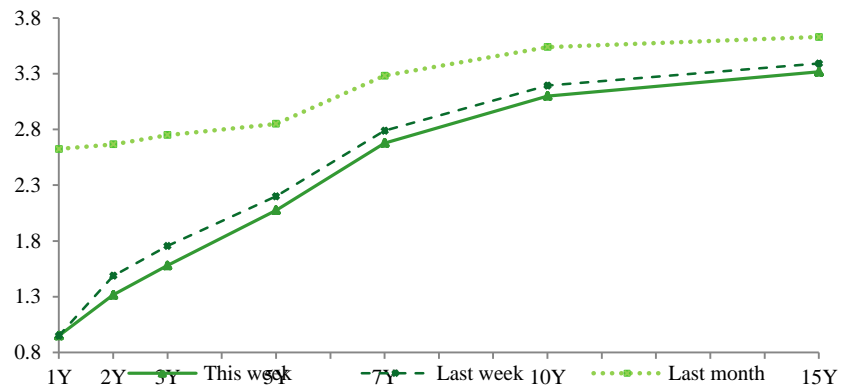
**Secondary Market**

**VND 36,943 bn (-13.20% wow) was traded on the secondary market.**

**VND 36,943 bn (-13.20% wow) was traded on the secondary.** In detail, Outright and repo values were at VND 22,531 bn (-24.95% wow) and VND 14,412 bn (+14.94% wow), respectively. Regarding outright, ST-Bond kept dominating trading volume with 90.84%.

**Yield curve shifted downwards fictionally.** According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 0.95% (0 bps), 1.315% (-17.2 bps), 1.58% (-17.5 bps), 2.075% (-12.5 bps), 2.678% (-11.1 bps), 3.1% (-9.4 bps), 3.317% (-7.5 bps), respectively.

**Yield Curve**



Source: Bloomberg, VCBS

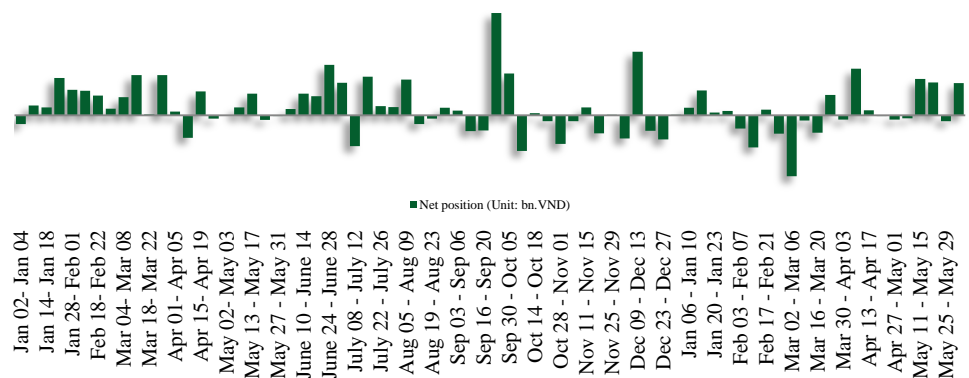
Since the beginning of 2020, the State Bank of Vietnam (SBV) has managed the monetary policies in an active, flexible manner in close coordination with the fiscal policies and other macro policies in order to control the inflation, stabilize the macro-economy. SBV has adjusted key interest rates twice times from the beginning of the year. Accordingly, deposit rates have decreased by 30-50 bps at the beginning of the year until now, which is the basis for reducing input costs of banks. VCBS expects deposit rates may decrease by 50-100 bps compared to 2019, the lending rates will also be lowered, which support business activities of enterprises.

From the primary market and macroeconomic indicators, it can be indicated that investors are conservative about the movement of the bond yields. These days, the liquidity in money market was one of the main factor driving bond yields. Till now, it is highly that bond yields will move in a downward tight band in the next week.

**Foreign investors net bought VND 951.23 bn this week.**

**Foreign investor net bought VND 951.23 bn this week**, they mainly focused on short-tenor (<5 years).

**Foreign Investment in the secondary market 2019-2020**



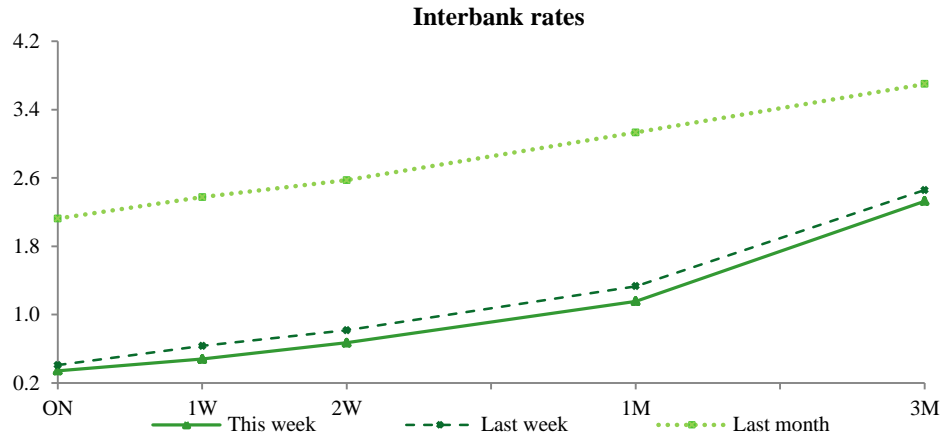
Source: HNX, VCBS

**INTEREST RATE**

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**Interbank Rates**

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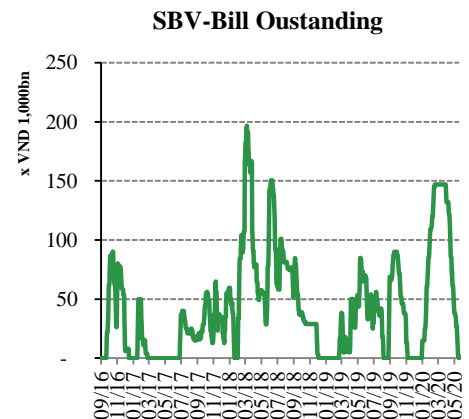
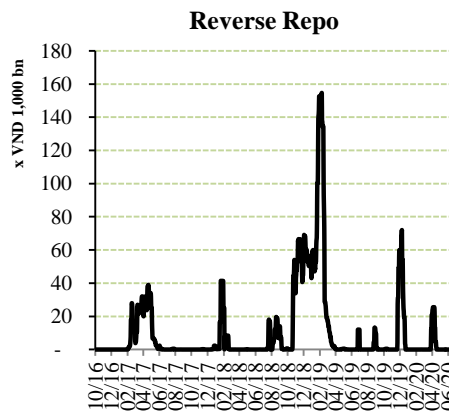
Source: Bloomberg, VCBS

There is a high probability that interbank rate will stay at this level because: (1) Public disbursement only increased fractionally; (2) Credit growth was slower than the same period last year and is projected at 10% for the whole year. (3) Exchange rates cooled down these days. With these assumptions, we anticipate that interbank rate shall be kept at low level until further information showed up.

**Open Market Operation**

**SBV net injected VND 26.995 bn via OMO channel.**

**SBV net injected VND 26.995 bn via OMO channel.** In detail, VND 26,995 bn of SBV-bills matured. Meanwhile, SBV did not issue Repo and T-bills this week.



Source: Bloomberg, VCBS

## APPENDICES

### Bond Auctions

Auction date	Tenor	Offering volume	Registering volume	Winning volume	Register to Offering Ratio	Winning rate (%)	Winning/Offering	Issuer
<b>ST bills</b>								
<b>Government and government-backed bonds</b>								
3-Jun-20	5Y	500	2,351	500	4.70	1.97	100.00%	ST
3-Jun-20	10Y	3,500	6,007	1,707	1.72	2.9	48.77%	ST
3-Jun-20	15Y	3,500	4,614	3,000	1.32	3.07	85.71%	ST
3-Jun-20	30Y	500	700	-	1.40	-	0.00%	ST

### Secondary Market

Issuer	Last		Current	
	Value	Value share	Value	Value share
<b>Outright</b>				
ST	27,161	90.48%	20,842	92.50%
VDB	2,255	7.51%	1,247	5.53%
VBSP	604	2.01%	442	1.96%
Others	-	0.00%	-	0.00%
<b>Subtotal (1)</b>	<b>30,020</b>	<b>100.00%</b>	<b>22,531</b>	<b>100.00%</b>
<b>Repo</b>				
Repo	12,539	46.09%	14,412	43.65%
Reserve Repo	14,669	53.91%	18,605	56.35%
<b>Subtotal (2)</b>	<b>27,208</b>	<b>100.00%</b>	<b>33,017</b>	<b>100.00%</b>
<b>ST bills</b>				
Outright				
Repo				
<b>Subtotal (3)</b>				
<b>Total (1)+(2)+(3)</b>	<b>57,228</b>		<b>55,548</b>	

### Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
02/03 - 02/07	-	-	-	-	-	35,998	35,998	60,997
02/10 - 02/14	-	-	-	-	-	24,998	24,998	85,995
02/17 - 02/21	-	21	21	21	-	22,997	22,997	108,992
02/24 - 02/28	21	-	(21)	-	-	10,998	10,998	119,990
03/02 - 03/06	-	-	-	-	-	24,997	24,997	144,987
03/09 - 03/13	-	-	-	-	-	2,000	2,000	146,987
03/16 - 03/20	-	1	1	1	-	-	-	146,987
03/23 - 03/27	1	1	-	-	-	-	-	149,987
03/30 - 04/03	1	20,855	20,854	20,855	-	-	-	146,987
04/06 - 04/10	-	4,656	4,656	25,511	-	-	-	146,987
04/13 - 04/17	20,855	1	(20,854)	4,657	-	-	-	146,987
04/20 - 04/24	4,656	1	(4,655)	2	15,000	-	(15,000)	131,987
04/27 - 05/01	1	-	(1)	1	10,000	-	(10,000)	121,988
05/04 - 05/08	1	-	(1)	-	35,998	-	(35,998)	85,990
05/11 - 05/15	-	3	3	3	24,998	-	(24,998)	60,992
05/18 - 05/22	3	-	(3)	-	22,997	-	(22,997)	37,995
05/25 - 05/29	-	2	2	2	10,998	-	(10,998)	26,997
<b>06/01 - 06/05</b>	<b>2</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>24,997</b>	<b>-</b>	<b>(24,997)</b>	<b>2,000</b>

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