

## Fixed-Income Report

**Jun 22<sup>th</sup> – 26<sup>th</sup>/2020**

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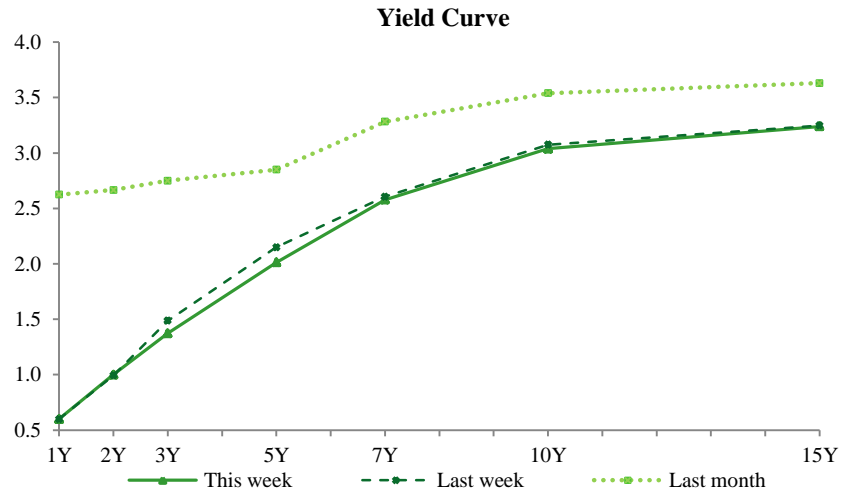
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## Round-up

**Primary market was active.  
Yield curve shifted downwards slightly.  
Interbank rates stayed at low levels.**



Source: Bloomberg, VCBS

■ 10,480 bn was mobilized on the primary market. VND 40,260 bn (-2.04% wow) was traded on the secondary market.

■ Yield curve shifted downwards slightly. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 0.6% (0 bps), 1% (+0.6 bps), 1.373% (-11.4 bps), 2.013% (-13.6 bps), 2.579% (-2.7 bps), 3.039% (-3.6 bps), 3.24% (-0.8 bps), respectively.

■ Interbank rates stayed at low levels. In details, ON – 3M rates posted at 0.188%, 0.287%, 0.363%, 0.52% and 1.83%, respectively according to Bloomberg data.

■ Foreign investors bought VND 685.21 bn this week.

## VCBS Commentary June 29<sup>th</sup> – May 03<sup>rd</sup>

■ At the present, we do not expect some events which may increase bond yields strongly. Liquidity in money market is still abundant; thus, it is likely that bond yields will move in a tight downward band until further information showed up.

■ As mentioned in the previous report, we preserve the view that interbank rates will stay at low levels due to stable exchange rates and low credit growth. The USD/VND exchange rates are now close to the exchange rates at the end of 2019. In addition, credit growth from the beginning of the year to 19<sup>th</sup> June was 2.45% (the figure in the same period last year was 6.22%), which is the lowest figure from 2016 to 2020.

**Bond Market**

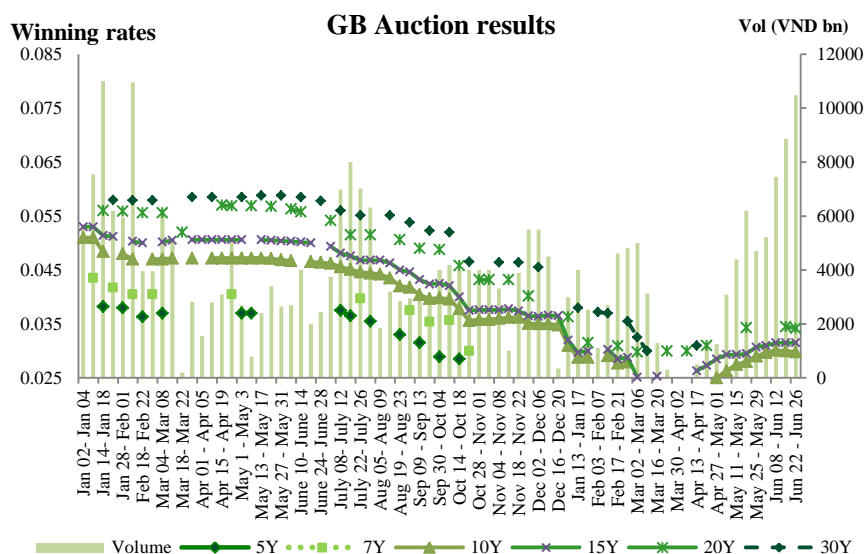
**Primary Market**

**VND 10,480 bn was mobilized this week.**

**Primary market was active.**

**VND 10,480 bn was mobilized this week from ST.** Therein, ST issued **VND 130 bn** at 5Y, **VND 6,000 bn** at 10Y, **VND 3,600 bn** at 15Y and **VND 750 bn** at 20Y tenors. The registered volume-to-offering volume ratios for 5Y, 10Y, 15Y & 20Y tenors were 0.92, 4.68, 2.48 and 4.65 times. Winning rates for 5Y, 10Y, 15Y & 20Y tenors stood at 1.95% (0 bps), 2.98% (-02 bps), 3.15% (0 bps), 3.42% (-03 bps), respectively.

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



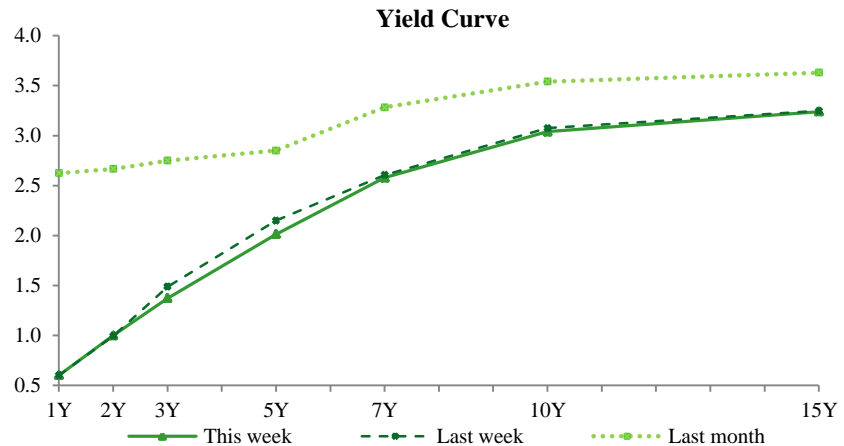
Source: HNX, VCBS

**Secondary Market**

**VND 40,260 bn (-2.04% wow) was traded on the secondary market.**

**VND 40,260 bn (-2.04% wow) was traded on the secondary.** In detail, Outright and repo values were at VND 27,197 bn (+1.84% wow) and VND 13,064 bn (-9.24% wow), respectively. Regarding outright, ST-Bond kept dominating trading volume with 96.34%. Remarkably, this week a large proportion of bond trading (30.8%) belonged to short-term bond (below 5Y tenors).

**Yield curve shifted downwards slightly.** According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 0.6% (0 bps), 1% (+0.6 bps), 1.373% (-11.4 bps), 2.013% (-13.6 bps), 2.579% (-2.7 bps), 3.039% (-3.6 bps), 3.24% (-0.8 bps), respectively.



Source: Bloomberg, VCBS

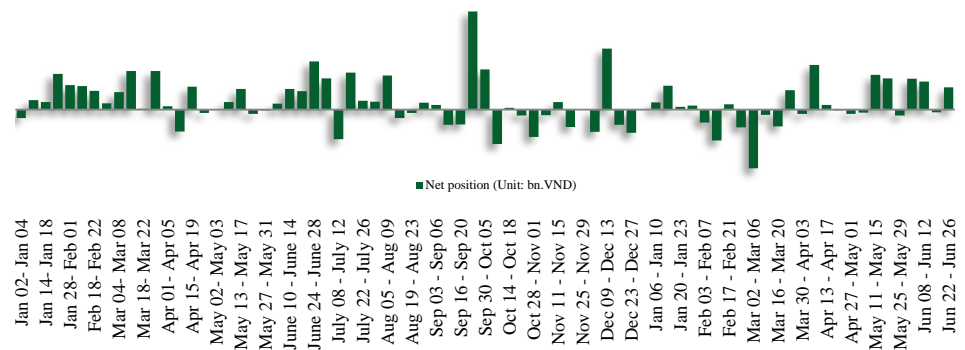
The General Statistics Office (GSO) has released the socio – economic statistics of the first half of 2020. Accordingly, GDP in 1H.2020 is expected to growth by 1.81% yoy, which is the lowest figure in the period between 2011 and 2020. In the context of complicated Covid-19 pandemic, the Government put the first priority on preventing and suppressing the pandemic to ensure the people’s lives and health. This is a solid foundation for the economy keep growing, not falling into negative growth in the next quarters. It is obvious that growth figure is general in a positive state and this is expected to be the key foundation to support the overall trend of the market in the coming period. Accordingly, **VCBS expected that GDP growth may achieve 3.5% - 3.9% in 2020.**

At the present, we do not expect some events which may increase bond yields strongly. Liquidity in money market is still abundant; thus, it is likely that bond yields will move in a tight downward band until further information showed up.

**Foreign investors net bought VND 685.21 bn this week.**

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



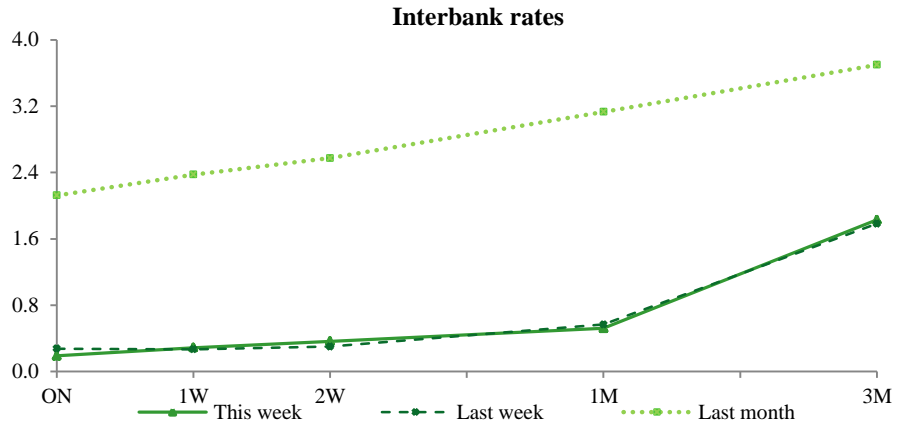
Source: HNX, VCBS

**INTEREST RATE**

**Interbank Rates**

**Interbank rates stayed at low levels.**

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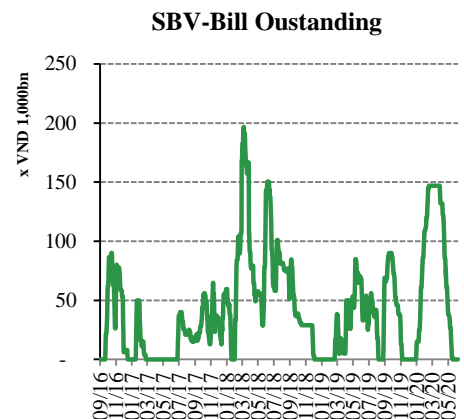
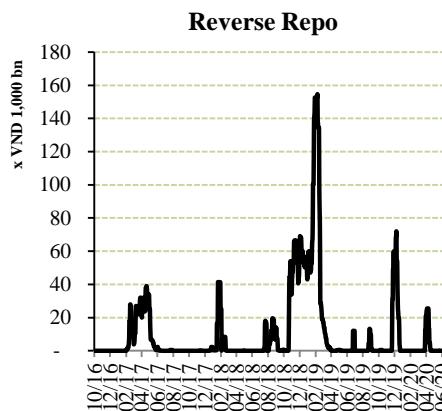
Source: Bloomberg, VCBS

As mentioned in the previous report, we preserve the view that interbank rates will stay at low levels due to stable exchange rates and low credit growth. The USD/VND exchange rates are now close to the exchange rates at the end of 2019. In addition, credit growth from the beginning of the year to 19<sup>th</sup> June was 2.45% (the figure in the same period last year was 6.22%), which is the lowest figure from 2016 to 2020.

**Open Market Operation**

**The balance via OMO remained at zero.**

**The balance via OMO remained at zero.** The SBV did not issue repo and T-bill via OMO channel 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>								
24-Jun-20	5Y	1,500	1,381	130	0.92	1.95	8.67%	ST
24-Jun-20	10Y	6,000	28,098	6,000	4.68	2.98	100.00%	ST
24-Jun-20	15Y	3,750	9,300	3,600	2.48	3.15	96.00%	ST
24-Jun-20	20Y	750	3,489	750	4.65	3.42	100.00%	ST

### Secondary Market

Issuer	Last		Current	
	Value	Value share	Value	Value share
<b>Outright</b>				
ST	24,588	92.08%	26,201	96.34%
VDB	1,909	7.15%	785	2.89%
VBSP	-	0.00%	-	0.00%
Others	208	0.78%	210	0.77%
<b>Subtotal (1)</b>	<b>26,704</b>	<b>100.00%</b>	<b>27,197</b>	<b>100.00%</b>
<b>Repo</b>				
Repo	14,393	43.86%	13,064	53.97%
Reserve Repo	18,423	56.14%	11,143	46.03%
<b>Subtotal (2)</b>	<b>32,816</b>	<b>100.00%</b>	<b>24,206</b>	<b>100.00%</b>
<b>ST bills</b>				
Outright				
Repo				
<b>Subtotal (3)</b>				
<b>Total (1)+(2)+(3)</b>	<b>59,520</b>		<b>51,403</b>	

### Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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
06/01 - 06/05	2	-	(2)	-	24,997	-	(24,997)	2,000
06/08 - 06/12	-	-	-	-	2,000	-	(2,000)	-
06/15 - 06/19	-	-	-	-	-	-	-	-
<b>06/22 - 06/26</b>	-	-	-	-	-	-	-	-

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