

Fixed-Income Report

Jul 06th – Jul 10th/2020

In this issue

- Round up
- Bond market
- Interest rates

Dang Khanh Linh

+84 24 3936 6990 (ext. 7182)

dklinh@vcbs.com.vn

See Disclaimer at Page 5

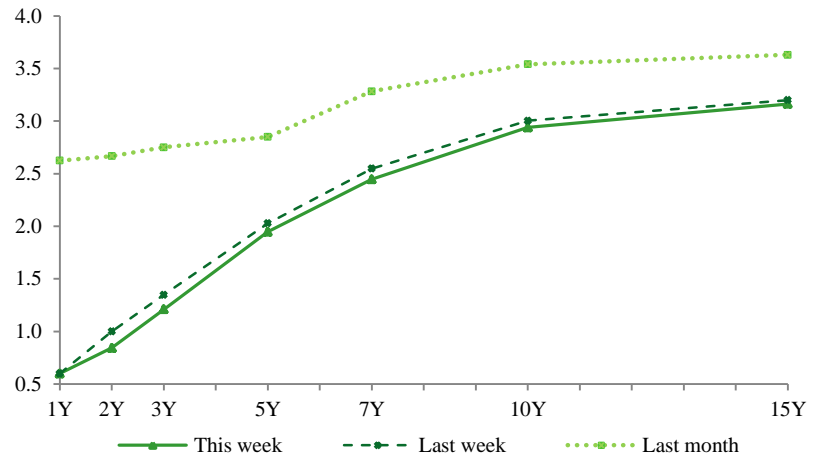
Macroeconomic, Fixed-Income,
Financial and Corporation
Information updated at

www.vcbs.com.vn/vn/Services/AnalysisResearch

Round-up

The SBV issued all tenors successfully.
Yield curve shifted downwards slightly.
Interbank rates remained at low levels.

Yield Curve



Source: Bloomberg, VCBS

■ VND 19,500 bn was mobilized on the primary market. VND 40,958 bn (-4.41% 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), 0.843% (-15.7 bps), 1.21% (-13.8 bps), 1.948% (-8 bps), 2.447% (-10.2 bps), 2.939% (-6.5 bps), 3.163% (-3.7 bps), respectively.

■ Interbank rates remained at low levels. In details, ON – 3M rates posted at 0.1%, 0.175%, 0.275%, 0.367% and 1.1%, respectively according to Bloomberg data.

■ Foreign investors net bought VND 397.90 bn this week.

■ SBV net withdrew VND 1 bn via OMO channel.

VCBS Commentary July 13th – July 17th

■ At the present, we do not expect some events which may increase bond yields. With the expectation that interbank rates may stay at low levels in the next week, there is likely that downward force will on bond yields.

■ In the upcoming weeks, we remain the view that interbank rates should stay at the current levels further information showed up.

Bond Market

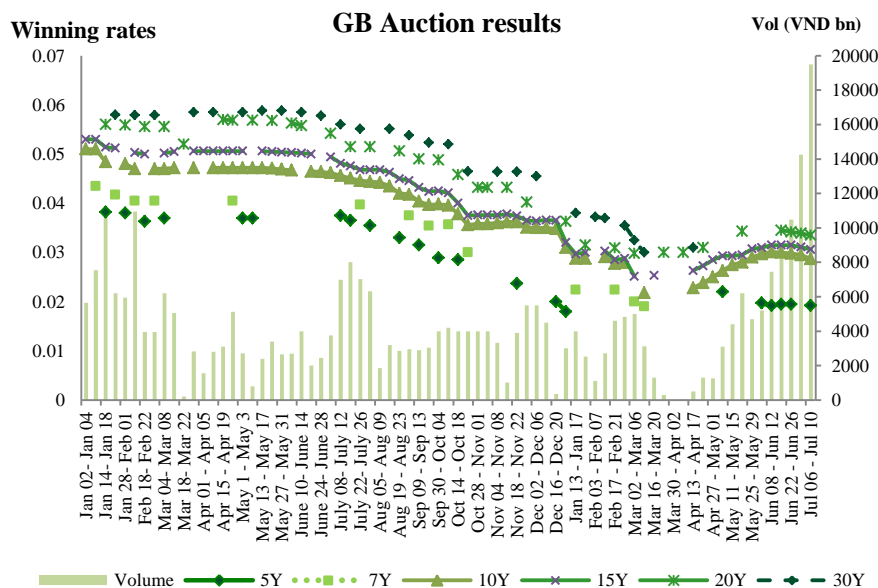
VND 19,500 bn was mobilized this week.

Primary Market

All tenors issued successfully.

VND 19,500 bn was mobilized this week from ST. Therein, ST issued **VND 1,500 bn** at 5Y, **VND 10,500 bn** at 10Y, **VND 6,000 bn** at 15Y and **VND 1,500 bn** at 20Y tenors. The registered volume-to-offering volume ratios for 5Y, 10Y, 15Y & 20Y tenors were 3.17, 2.09, 2.18 and 2.22 times. Winning rates for 5Y, 10Y, 15Y & 20Y tenors stood at 1.92% (-03 bps), 2.87% (-08 bps), 3.06% (-05 bps), 3.35% (-04 bps), respectively.

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



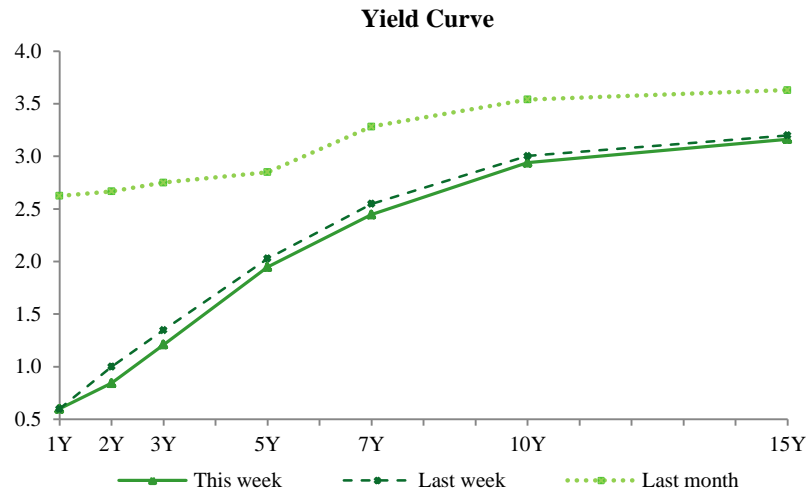
Source: HNX, VCBS

VND 40,958 bn (-4.41% wow) was traded on the secondary market.

Secondary Market

VND 40,958 bn (-4.41% wow) was traded on the secondary. In detail, Outright and repo values were at VND 29,941 bn (+16.08% wow) and VND 11,017 bn (-35.41% wow), respectively. Regarding outright, ST-Bond kept dominating trading volume with 94.81%. Remarkably, this week a large proportion of bond trading (26.8%) belonged to long-term bond (> 10Y tenors).

Yield curve shifted downwards frictionally. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 0.6% (0 bps), 0.843% (-15.7 bps), 1.21% (-13.8 bps), 1.948% (-8 bps), 2.447% (-10.2 bps), 2.939% (-6.5 bps), 3.163% (-3.7 bps), respectively.



Source: Bloomberg, VCBS

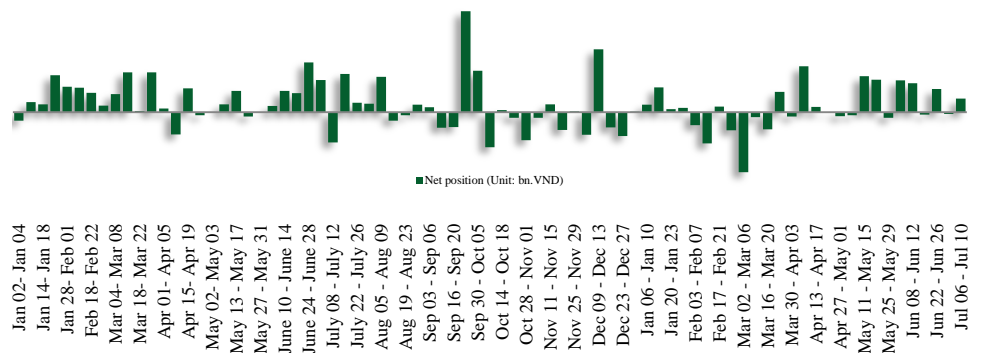
Abundant liquidity in money market still created downward force in bond market. In addition, the downward force was supported by the stability of exchange rates.

At the present, we do not expect some events which may increase bond yields. With the expectation that a slight lower interbank rate in the next week, there is still downward force on bond yields.

Foreign investors net bought VND 397.90 bn this week.

Foreign investor net bought VND 397.90 bn this week, they mainly focused on short-tenor (<5 years).

Foreign Investment in the secondary market 2020



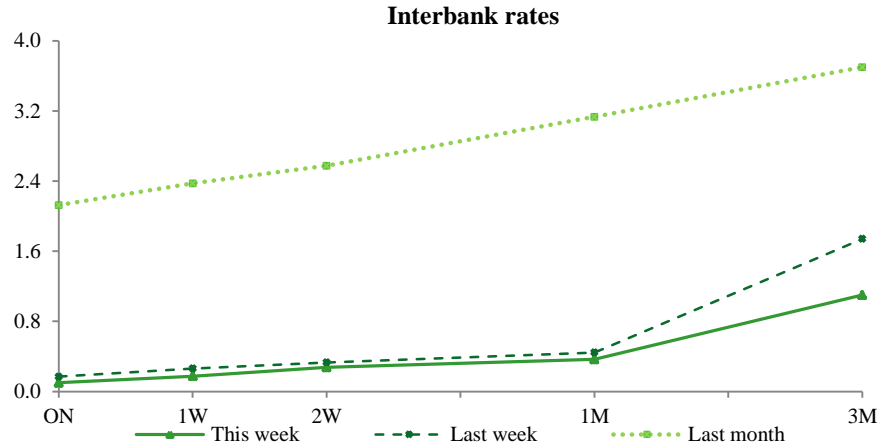
Source: HNX, VCBS

INTEREST RATE

Interbank rates kept its decreasing levels.

Interbank Rates

Interbank rates remained at low levels. In details, ON – 3M rates posted at 0.1%, 0.175%, 0.275%, 0.367% and 1.1%, respectively according to Bloomberg data.



Source: Bloomberg, VCBS

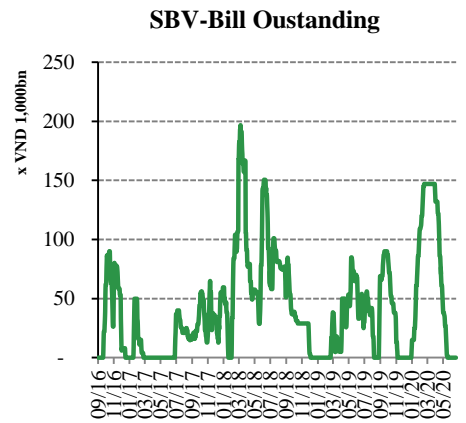
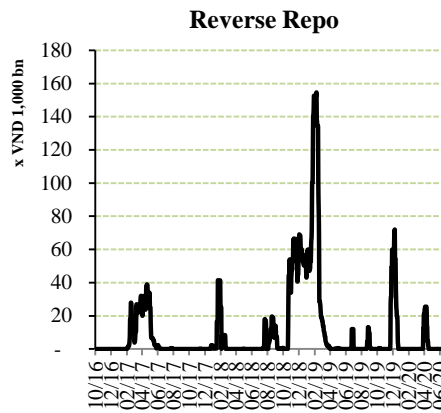
Commercial banks reduced deposit rates from 10 to 90 bps on each tenor from July 1st. This is the highest interest rate cut from the beginning of the 2020 to the present. Accordingly, deposit rates for short-tenors (< 6M) were 3.5% - 4.3%/year and deposit rates for long-tenors (>12M) were 5.5% - 7.5%/year. It could be explained by the abundant liquidity due to low credit growth (credit growth from the beginning of the year to June 29th was 3.26% while the figure last year was 7.36%).

In the upcoming weeks, we remain the view that interbank rates should stay at the current levels further information showed up.

Open Market Operation

SBV net withdrew VND 1 bn via OMO channel.

SBV net withdrew VND 1 bn via OMO channel. In detail, SBV withdrew VND 1 bn of Repo this week.



Source: Bloomberg, VCBS

END.

APPENDICES

Bond Auctions

Auction date	Tenor	Offering volume	Registering volume	Winning volume	Register to Offering Ratio	Winning rate (%)	Winning/Offering	Issuer
ST bills								
Government and government-backed bonds								
7-Jul-20	5Y	1,500	4,760	1,500	3.17	1.92	100.00%	ST
7-Jul-20	10Y	10,500	21,970	10,500	2.09	2.87	100.00%	ST
7-Jul-20	15Y	6,000	13,100	6,000	2.18	3.06	100.00%	ST
7-Jul-20	20Y	1,500	3,329	1,500	2.22	3.35	100.00%	ST

Secondary Market

Issuer	Last		Current	
	Value	Value share	Value	Value share
Outright				
ST	25,453	98.68%	28,385	94.81%
VDB	340	1.32%	1,555	5.19%
VBSP	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
Subtotal (1)	25,793	100.00%	29,941	100.00%
Repo				
Repo	17,057	48.63%	11,017	44.32%
Reserve Repo	18,015	51.37%	13,839	55.68%
Subtotal (2)	35,071	100.00%	24,856	100.00%
ST bills				
Outright				
Repo				
Subtotal (3)				
Total (1)+(2)+(3)	60,864		54,796	

Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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	-	-	-	-	-	-	-	-
06/22 - 06/26	-	-	-	-	-	-	-	-
06/29 - 07/03	-	1	1	1	-	-	-	-
07/06 - 07/10	1	-	(1)	-	-	-	-	-

DISCLAIMER

This report is designed to provide updated information on the fixed-income, including bonds, interest rates, some other related. The VCBS analysts exert their best efforts to obtain the most accurate and timely information available from various sources, including information pertaining to market prices, yields and rates. All information stated in the report has been collected and assessed as carefully as possible.

It must be stressed that all opinions, judgments, estimations and projections in this report represent independent views of the analyst at the date of publication. Therefore, this report should be best considered a reference and indicative only. It is not an offer or advice to buy or sell or any actions related to any assets. VCBS and/or Departments of VCBS as well as any affiliate of VCBS or affiliate that VCBS belongs to or is related to (hereafter, VCBS), provide no warranty or undertaking of any kind in respect to the information and materials found on, or linked to the report and no obligation to update the information after the report was released. VCBS does not bear any responsibility for the accuracy of the material posted or the information contained therein, or for any consequences arising from its use, and does not invite or accept reliance being placed on any materials or information so provided.

This report may not be copied, reproduced, published or redistributed for any purpose without the written permission of an authorized representative of VCBS. Please cite sources when quoting. Copyright 2012 Vietcombank Securities Company. All rights reserved.

CONTACT INFORMATION

Tran Minh Hoang

Head of Research

tmhoang@vcbs.com.vn

Dang Khanh Linh

Analyst - Economic research

dklinh@vcbs.com.vn

VIETCOMBANK SECURITIES COMPANY

<http://www.vcbs.com.vn>

Ha Noi Headquarter	Floor 12 th & 17 th , Vietcombank Tower, 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi Tel: (84-4)-39366990 ext: 140/143/144/149/150/151
Ho Chi Minh Branch	Floor 1 st and 7 th , Green Star Building, 70 Pham Ngoc Thach Street, Ward 6, District No. 3, Ho Chi Minh City Tel: (84-28)-3820 8116 Ext:104/106
Da Nang Branch	Floor 12 th , 135 Nguyen Van Linh Street, Thanh Khe District, Da Nang City. Tel: (+84-236) 3888 991 ext: 801/802
Nam Sai Gon Transaction Unit	Floor 3 rd , V6 Tower, Plot V, Him Lam Urban Zone, 23 Nguyen Huu Tho Street, Tan Hung Ward, District No. 7, Ho Chi Minh City Tel: (84-28)-54136573
Giang Vo Transaction Unit	Floor 1 st , Building C4 Giang Vo, Giang Vo Ward, Ba Dinh District, Hanoi. Tel: (+84-24) 3726 5551
Tay Ho Transaction Unit	1st & 3rd Floor, 565 Lac Long Quan Street, Tay Ho District, Hanoi. Tel: (+84-24) 2191048 (ext: 100)
Hoang Mai Transaction Unit	1st Floor Han Viet Building, 203 Minh Khai Street, Hai Ba Trung District, Hanoi. Tel: (+84-24) 3220 2345
Can Tho Representative Office	Floor 1 st , Vietcombank Can Tho Building, 7 Hoa Binh Avenue, Ninh Kieu District, Can Tho City. Tel: (+84-292) 3750 888
Vung Tau Representative Office	Floor 1 st , 27 Le Loi Street, Vung Tau City, Ba Ria - Vung Tau Province. Tel: (+84-254) 351 3974/75/76/77/78
An Giang Representative Office	Floor 7 th , Vietcombank An Giang Tower, 30-32 Hai Ba Trung, My Long Ward, Long Xuyen City, An Giang Province Tel: (84-76)-3949843
Dong Nai Representative Office	Floor 1 st & 2 nd , 79 Hung Dao Vuong, Trung Dung Ward, Bien Hoa City, Dong Nai Province. Tel: (84-61)-3918815
Hai Phong Representative Office	Floor 2 nd , 11 Hoang Dieu Street, Minh Khai Ward, Hong Bang District, Hai Phong City. Tel: (+84-225) 382 1630
Binh Duong Representative Office	Floor 3 th , 516 Cach Mang Thang Tam Street, Phu Cuong Ward, Thu Dau Mot City, Binh Duong Province. Tel: (+84-274) 3855 771