

**Fixed-Income Report**

**Jul 13<sup>th</sup> – Jul 17<sup>th</sup>/2020**

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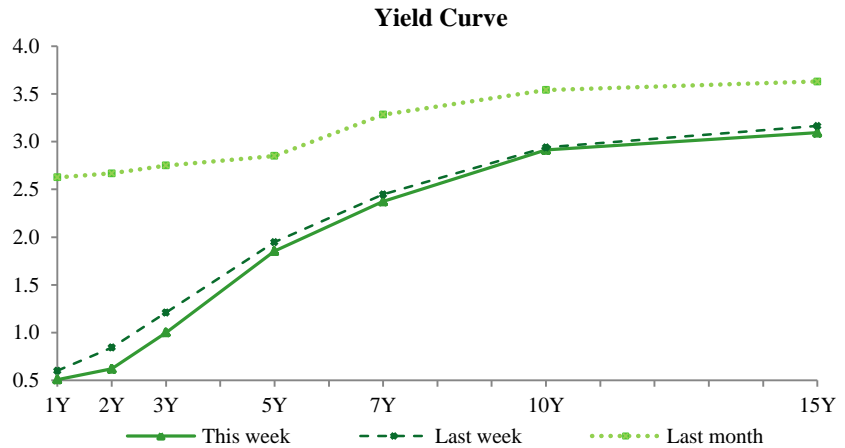
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**Round-up**

**Primary market was still active.  
Yield curve shifted downwards fractionally.  
Interbank rates remained at low levels.**



Source: Bloomberg, VCBS

- VND 15,600 bn was mobilized on the primary market. VND 57,348 bn (+39.21% w/w) was traded on the secondary market.
- Yield curve shifted downwards fractionally. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 0.508% (-9.2 bps), 0.62% (-22.3 bps), 1% (-21 bps), 1.854% (-9.4 bps), 2.372% (-7.5 bps), 2.912% (-2.7 bps), 3.093% (-7 bps), respectively.
- Interbank rates remained at low levels. In details, ON – 3M rates posted at 0.162%, 0.237%, 0.275%, 0.383% and 1.4%, respectively according to Bloomberg data.
- Foreign investors net sold VND 319.06 bn this week.
- SBV net injected VND 6.4 bn via OMO channel.

**VCBS Commentary July 20<sup>th</sup> – July 24<sup>th</sup>**

- It seems that abundant liquidity and low interbank rates are the main reasons created downward force on short-tenors. With the expectation that liquidity is still abundant in the system, we preserve the view that bond yields are likely to move in a downward tight band the glowing week.
- There is a high probability that interbank rates will stay at this level due to the main reasons: Credit growth was slower than the same period last year and is projected at the low level for the whole year – 10%. In addition, exchange rates remained stable. With these assumptions, we anticipate that interbank rates may stand current levels.

**Bond Market**

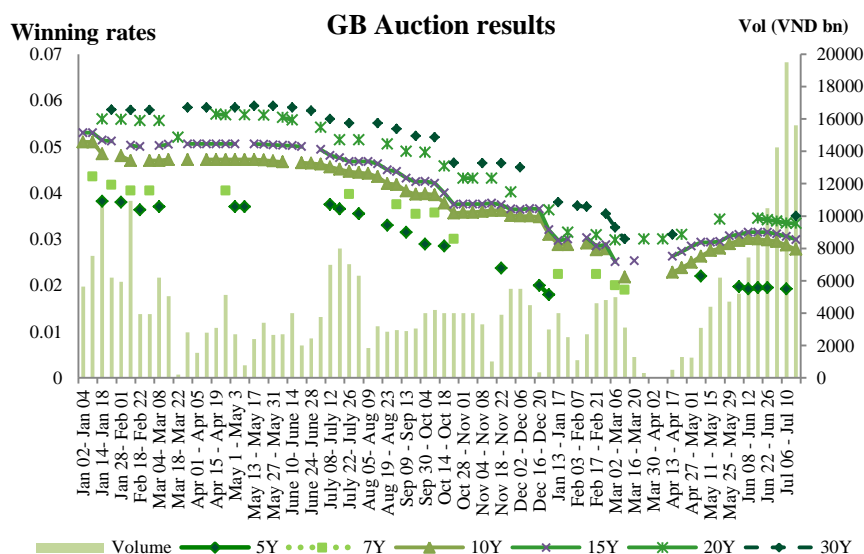
**VND 15,600 bn was mobilized this week.**

**Primary Market**

**Primary market was still active.**

**VND 15,600 bn was mobilized this week from ST.** Therein, ST issued **VND 9,000 bn** at 10Y, **VND 4,500 bn** at 15Y, **VND 1,500 bn** at 20Y and **VND 650 bn** at 30Y tenors. The registered volume-to-offering volume ratios for 10Y, 15Y, 20Y & 30Y tenors were 1.97, 1.80, 1.54 and 3.40 times. Winning rates for 10Y, 15Y, 20Y & 30Y tenors stood at 2.78% (-05 bps), 2.99% (-07 bps), 3.34% (-01 bps), 3.50% (+40 bps), respectively.

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



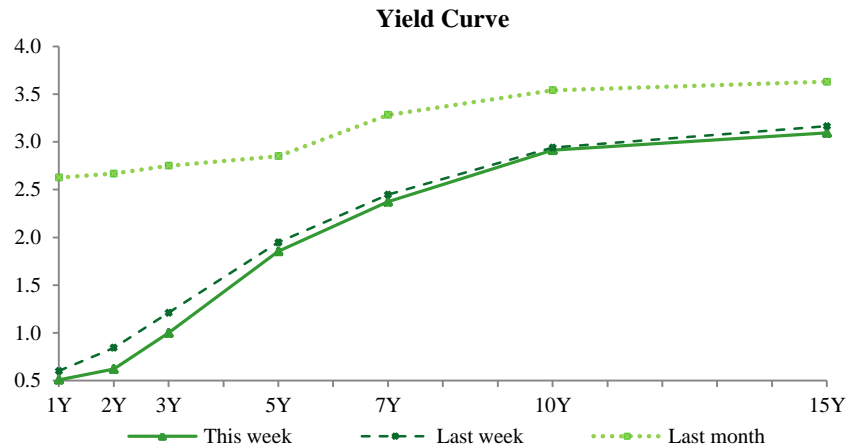
Source: HNX, VCBS

**Secondary Market**

**VND 57,348 bn (+39.21% wow) was traded on the secondary market.**

**VND 57,348 bn (+39.21% wow) was traded on the secondary.** In detail, Outright and repo values were at VND 40,142 bn (+33.01% wow) and VND 17,206 bn (+56.17% wow), respectively. Regarding outright, ST-Bond kept dominating trading volume with 95.15%. Remarkably, this week a large proportion of bond trading (28.3%) belonged to short-term bond (> 10Y tenors).

**Yield curve shifted downwards fractionally.** According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 0.508% (-9.2 bps), 0.62% (-22.3 bps), 1% (-21 bps), 1.854% (-9.4 bps), 2.372% (-7.5 bps), 2.912% (-2.7 bps), 3.093% (-7 bps), respectively.



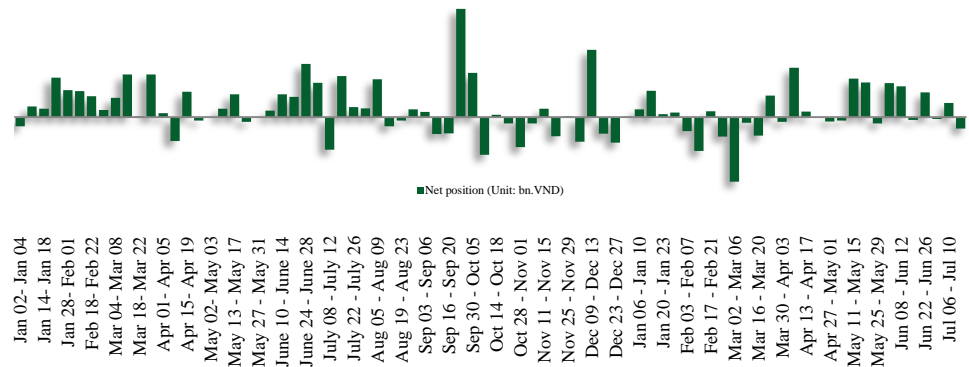
Source: Bloomberg, VCBS

It seems that abundant liquidity and low interbank rates are the main reasons created downward force on short-tenors. With the expectation that liquidity is still abundant in the system, we preserve the view that bond yields are likely to move in a downward tight band the glowing week.

**Foreign investors net sold VND 319.06 bn this week.**

**Foreign investor net sold VND 319.06 bn this week**, they mainly focused on long- tenor (>20 years).

**Foreign Investment in the secondary market 2020**



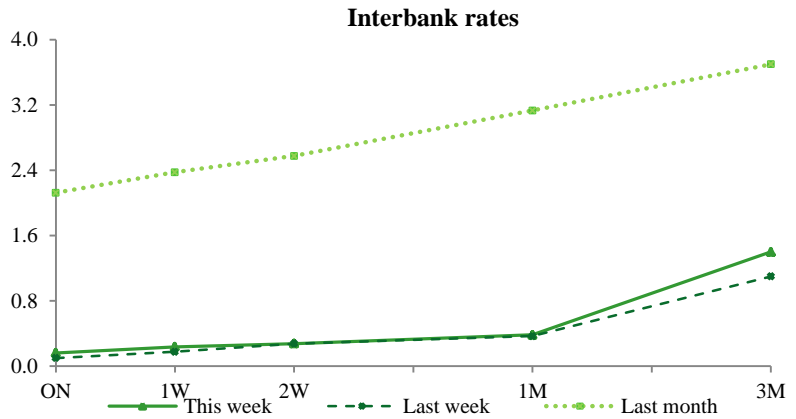
Source: HNX, VCBS

**INTEREST RATE**

**Interbank rates remained at low levels.**

**Interbank Rates**

**Interbank rates remained at low levels.** In details, ON – 3M rates posted at 0.162%, 0.237%, 0.275%, 0.383% and 1.4%, respectively according to Bloomberg data.



Source: Bloomberg, VCBS

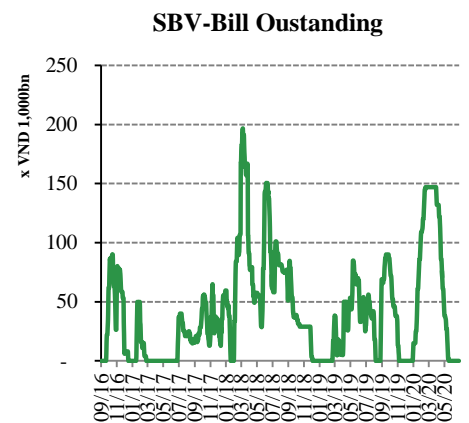
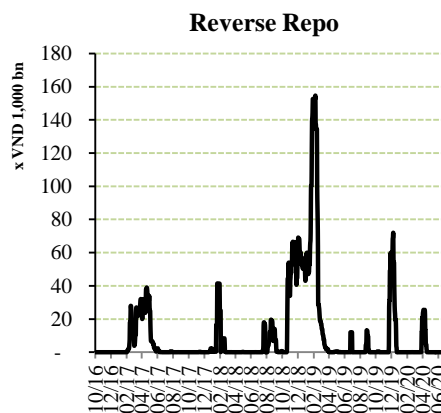
Exchange rates remained stable; in detail, the exchange rate quoted at commercial banks was 23.100 VND/USD. The underlying reason is that Vietnam is still considered as an attractive country for investment inflows. Moreover, with flexible, proactive and rational management of the State Bank as well as abundant foreign exchange reserve, the exchange rates are forecast to be less volatile in the upcoming weeks.

There is a high probability that interbank rates will stay at this level due to the main reasons: Credit growth was slower than the same period last year and is projected at the low level for the whole year – 10%. In addition, exchange rates remained stable. With these assumptions, we anticipate that interbank rates may stand current levels.

**Open Market Operation**

**SBV net injected VND 6.4 bn via OMO channel.**

**SBV net injected VND 6.4 bn via OMO channel.** In detail, SBV issued VND 6.4 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
<b>ST bills</b>								
<b>Government and government-backed bonds</b>								
14-Jul-20	10Y	9,000	17,700	9,000	1.97	2.78	100.00%	ST
14-Jul-20	15Y	6,000	10,807	4,450	1.80	2.99	74.17%	ST
14-Jul-20	20Y	1,500	2,304	1,500	1.54	3.34	100.00%	ST
14-Jul-20	30Y	750	2,550	650	3.40	3.5	86.67%	ST

### Secondary Market

Issuer	Last		Current	
	Value	Value share	Value	Value share
<b>Outright</b>				
ST	28,385	94.06%	38,194	95.15%
VDB	1,793	5.94%	1,826	4.55%
VBSP	-	0.00%	122	0.30%
Others	-	0.00%	-	0.00%
<b>Subtotal (1)</b>	<b>30,179</b>	<b>100.00%</b>	<b>40,142</b>	<b>100.00%</b>
<b>Repo</b>				
Repo	11,017	44.32%	17,206	49.13%
Reserve Repo	13,839	55.68%	17,814	50.87%
<b>Subtotal (2)</b>	<b>24,856</b>	<b>100.00%</b>	<b>35,019</b>	<b>100.00%</b>
<b>ST bills</b>				
Outright				
Repo				
<b>Subtotal (3)</b>				
<b>Total (1)+(2)+(3)</b>	<b>55,035</b>		<b>75,161</b>	

### 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)	-	-	-	-	-
<b>07/13 - 07/17</b>	-	<b>6</b>	<b>6</b>	<b>6</b>	-	-	-	-

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