

**Fixed-Income Report**

**Sep 07<sup>th</sup> – Sep 11<sup>th</sup>/2020**

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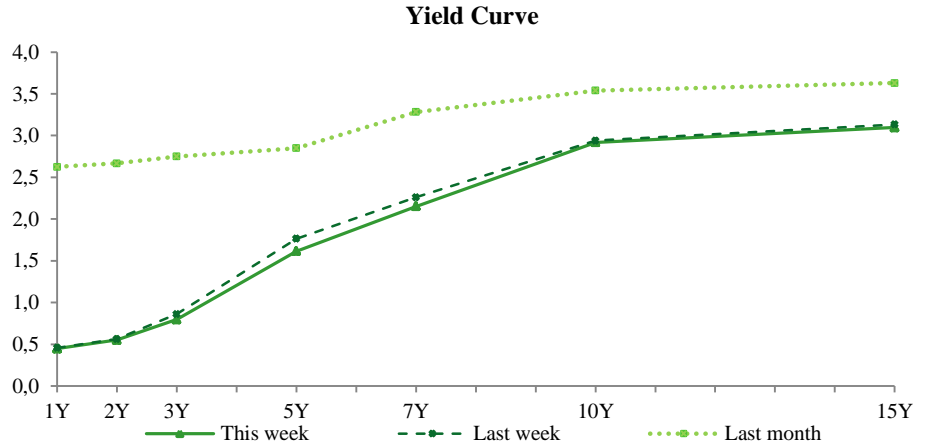
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**Round-up**

**Primary market is still active. 5Y winning rate ticked down further.  
Yield curve shifted downwards.  
Interbank rates edged down.**



Source: Bloomberg, VCBS

■ VND 9,912 bn was mobilized on the primary market this week. VND 38,048 bn (+24.62% wow) was traded on the secondary market.

■ Yield curve shifted downward, bond yields decreased strongly for 3Y-7Y tenor. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 0.447% (-1.1 bps), 0.552% (-1.1 bps), 0.796% (-6.6 bps), 1.616% (-14.8 bps), 2.151% (-11 bps), 2.918% (-2.2 bps), 3.097% (-3.6 bps), respectively.

■ Interbank rates edged down as abundant liquidity remained. In details, ON – 3M rates posted at 0.16%, 0.2%, 0.285%, 0.387% and 1.417%, respectively according to Bloomberg data.

■ Foreign investors net bought VND 605.31 bn this week.

■ Last week saw no new transaction via OMO channel.

**VCBS Commentary Sep 14<sup>th</sup> – Sep 18<sup>th</sup>**

■ This week, we draw attention to the Fed meeting after the latest press release about the new monetary policy framework. All information supports idea that US economy shall unlikely to pick up soon. Consequently, demand for risk-free assets shall remain high.

■ We are confident that liquidity in the banking system continued to be abundant based on some supporting ideas: (i) Credit growth is slower than the same period last year (ii) The exchange rates shall remain stable in the next period. Thus, there is a high probability that interbank rates will stay at current low levels.

■ To sum up, VCBS believe the bond yields are still in downward trend with supporting argument from domestic factors and worldwide trend.

**Bond Market**

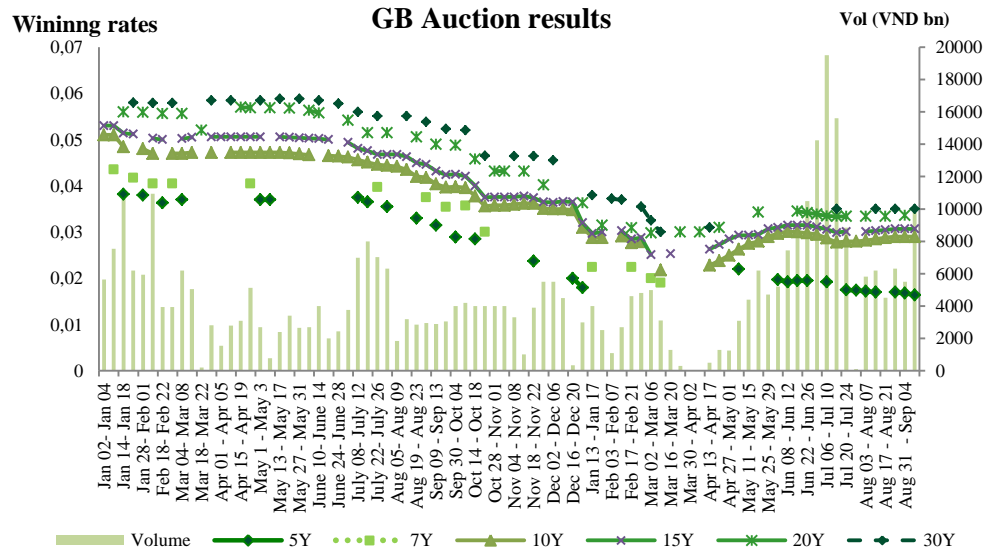
**VND 9,912 bn was mobilized this week.**

**Primary Market**

**Primary market is still active.**

**VND 9,912 bn was mobilized this week from ST.** Therein, ST issued VND 100 bn at 5Y tenors, VND 6000 bn at 10Y tenors, VND 2,250 bn at 15Y tenors, VND 662 bn at 30Y tenors. The registered volume-to-offering volume ratios for 5Y, 10Y, 15Y & 20Y tenors were 2.55, 4.7, 5 and 1.87 times. Except for 30Y, winning volume-to-offering ratios for 5Y, 10Y & 15Y tenors recorded at 100%. Winning rates kept falling for 5Y, stood at 1.64 (-4 bps) while others winning rates for 10Y, 15Y and 30Y tenor unchanged 2.90%; 3.07%; 3.36% respectively.

VDB and VBSP did not mobilize bond this week.



Source: HNX, VCBS

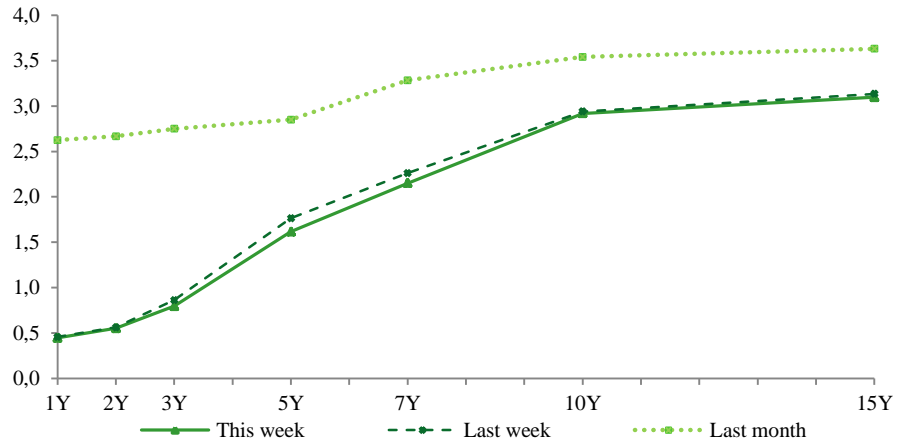
**Secondary Market**

**VND 38,048 bn (+24.62% wow) was traded on the secondary market.**

**VND 38,048 bn (+24.62% wow)** was traded on the secondary. In detail, Outright and repo values were at VND 24,083 (+11% wow) and VND 14,072 bn (+55.2% wow), respectively. Regarding outright, ST-Bond kept totally dominating trading volume with 100%. Remarkably, 33% of trading volume recorded in long-term bond.

**Yield curve shifted downward, bond yields decreased strongly for 3Y-7Y tenor.** According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 0.447% (-1.1 bps), 0.552% (-1.1 bps), 0.796% (-6.6 bps), 1.616% (-14.8 bps), 2.151% (-11 bps), 2.918% (-2.2 bps), 3.097% (-3.6 bps), respectively.

**Yield Curve**



Source: Bloomberg, VCBS

Last week, ECB monetary meeting ended up with disappointing result for the side, who expects ECB would signal more stimulus. Hence, Euro kept firmly showing relative strength over USD.

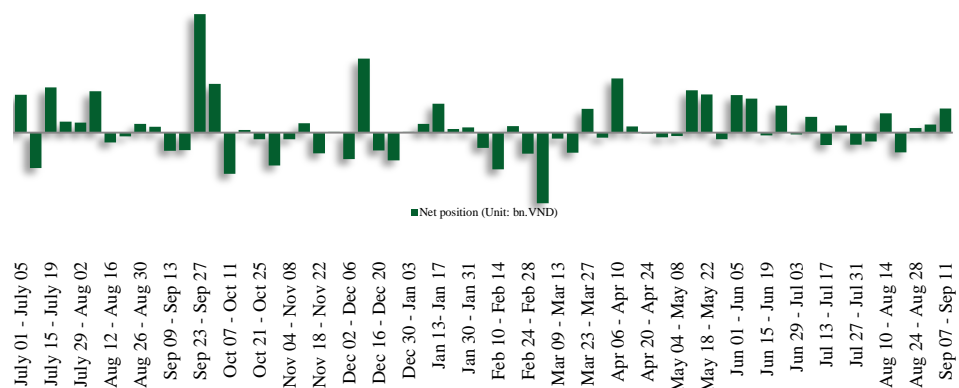
This week, we draw attention to the Fed meeting after the latest press release about the new monetary policy framework. Note that last week, Senate failed to pass another coronavirus aid package last week, and employment status was below expectation. All of this information support idea that US economy shall unlikely to pick up soon. Consequently, demand for risk-free assets shall remain high.

To sum up, VCBS believe the bond yields are still in downward trend with supporting argument from domestic factors and worldwide trend.

**Foreign investors net bought VND 605.31 bn this week.**

**Foreign investor net bought VND 605.31 bn this week, mainly on 5Y-7Y bond.**

**Foreign Investment in the secondary market 2020**



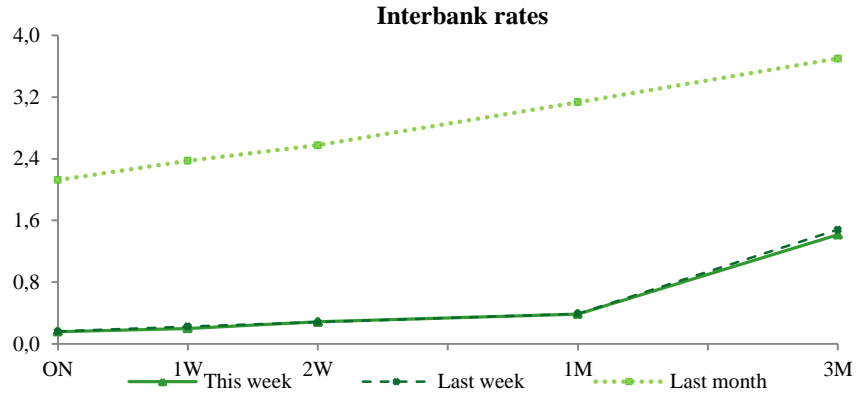
Source: HNX, VCBS

**INTEREST RATE**

**Interbank rates edged down as abundant liquidity remained.**

**Interbank Rates**

**Interbank rates edged down as abundant liquidity remained.** In details, ON – 3M rates posted at 0.16%, 0.2%, 0.285%, 0.387% and 1.417%, respectively according to Bloomberg data.



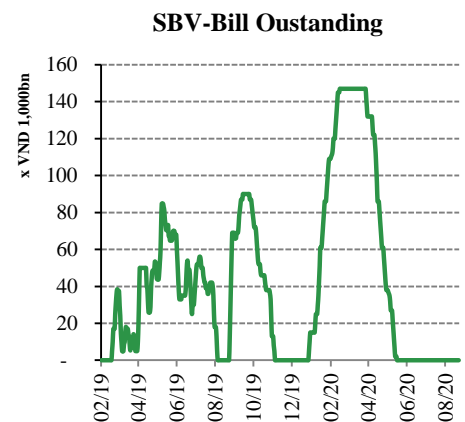
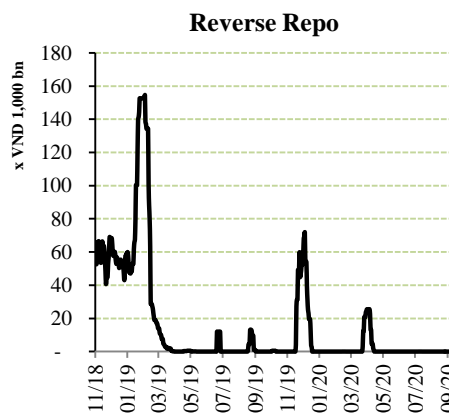
Source: Bloomberg, VCBS

We are confident that liquidity in the banking system continued to be abundant based on some supporting ideas: (i) Credit growth is slower than the same period last year and projected at 10% for the whole 2020 (note that credit growth in 8M.2020 is estimated at 4%) (ii) The exchange rates shall remain stable in the next period. In the meantime, at the end of August hit a new record-breaking level of \$92 bn. Thus, there is a high probability that interbank rates will stay at current low levels.

**No intervention needed as abundant liquidity recorded.**

**Open Market Operation**

**Last week saw no new transaction via the OMO channel.** The outstanding amount of repo and T-bill stood at VND 0 bn. SBV has not made any significant changes in the open market for the last 3 months as the banking system liquidity remains abundant while interbank interest rates stably stood at low levels.



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> |       |                 |                    |                |                            |                  |                  |        |
| 9-Sep-20                                      | 5Y    | 1,000           | 2,550              | 1,000          | 2.55                       | 1.64             | 100.00%          | ST     |
| 9-Sep-20                                      | 10Y   | 6,000           | 28,228             | 6,000          | 4.70                       | 2.9              | 100.00%          | ST     |
| 9-Sep-20                                      | 15Y   | 2,250           | 11,250             | 2,250          | 5.00                       | 3.07             | 100.00%          | ST     |
| 9-Sep-20                                      | 30Y   | 750             | 1,402              | 662            | 1.87                       | 3.5              | 88.27%           | ST     |

### Secondary Market

| Issuer                   | Last          |                | Current       |                |
|--------------------------|---------------|----------------|---------------|----------------|
|                          | Value         | Value share    | Value         | Value share    |
| <b>Outright</b>          |               |                |               |                |
| ST                       | 21,443        | 99.74%         | 24,036        | 100.00%        |
| VDB                      | 57            | 0.26%          | -             | 0.00%          |
| VBSP                     | -             | 0.00%          | -             | 0.00%          |
| Others                   | -             | 0.00%          | -             | 0.00%          |
| <b>Subtotal (1)</b>      | <b>21,500</b> | <b>100.00%</b> | <b>24,036</b> | <b>100.00%</b> |
| <b>Repo</b>              |               |                |               |                |
| Repo                     | 9,031         | 45.31%         | 14,012        | 46.17%         |
| Reserve Repo             | 10,902        | 54.69%         | 16,334        | 53.83%         |
| <b>Subtotal (2)</b>      | <b>19,933</b> | <b>100.00%</b> | <b>30,346</b> | <b>100.00%</b> |
| <b>ST bills</b>          |               |                |               |                |
| Outright                 |               |                |               |                |
| Repo                     |               |                |               |                |
| <b>Subtotal (3)</b>      |               |                |               |                |
| <b>Total (1)+(2)+(3)</b> | <b>41,433</b> |                | <b>54,382</b> |                |

### Open Market Operation

| Date                 | Reverse Repo |       |         |             | Outright (SBV Bills) |       |          |             |
|----------------------|--------------|-------|---------|-------------|----------------------|-------|----------|-------------|
|                      | Due          | Offer | Balance | Outstanding | Due                  | Offer | Balance  | Outstanding |
| 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)     | -           | -                    | -     | -        | -           |
| 07/13 - 07/17        | -            | 6     | 6       | 6           | -                    | -     | -        | -           |
| 07/20 - 07/24        | 6            | -     | (6)     | -           | -                    | -     | -        | -           |
| 07/27 - 07/31        | -            | -     | -       | -           | -                    | -     | -        | -           |
| 08/03 - 08/07        | -            | -     | -       | -           | -                    | -     | -        | -           |
| 08/10 - 08/14        | -            | -     | -       | -           | -                    | -     | -        | -           |
| 08/17 - 08/21        | -            | -     | -       | -           | -                    | -     | -        | -           |
| 08/24 - 08/28        | -            | -     | -       | -           | -                    | -     | -        | -           |
| 08/31 - 09/04        | -            | -     | -       | -           | -                    | -     | -        | -           |
| <b>09/07 - 09/11</b> | -            | -     | -       | -           | -                    | -     | -        | -           |

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