

## Fixed-Income Report

**Oct 12<sup>th</sup> – Oct 16<sup>th</sup>/2020**

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**Le Thu Ha**

[ltha\\_ho@vcbs.com.vn](mailto:ltha_ho@vcbs.com.vn)

+84 24 3936 6990 (ext. 7311)

**Dang Khanh Linh**

+84 24 3936 6990 (ext. 7284)

[dklinh@vcbs.com.vn](mailto:dklinh@vcbs.com.vn)

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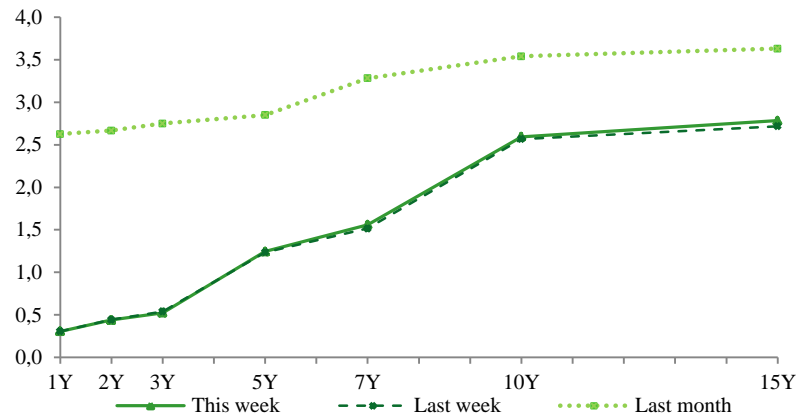
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## Round-up

**ST focused on issuing long-term bond.  
Yield curve fluctuated in a tight band.  
Interbank rates stayed at low levels.**

**Yield Curve**



Source: Bloomberg, VCBS

■ VND 9,217 bn was mobilized on the primary market this week. VND 52,901 bn (-13.9% wow) was traded on the secondary market.

■ Yield curve fluctuated in a tight band. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted 0,306% (0 bps), 0,439% (-0,5 bps), 0,525% (-1,5 bps), 1,244% (+0,8 bps), 1,559% (+4,4 bps), 2,594% (+2,6 bps), 2,783% (+6,6 bps), respectively.

■ Interbank rates stayed at low levels. In details, ON – 3M rates posted at 0,145%, 0,19%, 0,26%, 0,363% and 1,258%, respectively according to Bloomberg data.

■ Foreign investors net bought VND 302.93 bn this week.

■ Last week saw no new transaction via OMO channel.

## VCBS Commentary Oct 19<sup>th</sup> – Oct 23<sup>rd</sup>

■ As VCBS has mentioned in the [Fixed income report 3Q.2020](#), we believe that downward trend will dominate bond yields movement in the last quarter of 2020 as there would be no liquidity shortage. However, after plummeting in the previous quarters, bond yields may fluctuate in a tight band to regain the balance in the short run.

■ Next week, we believe that abundant liquidity remains. Consequently, we are quite confident about chance that liquidity in the market shall support a period of a low level of interbank rates.

**Bond Market**

**VND 9,217 bn was mobilized this week.**

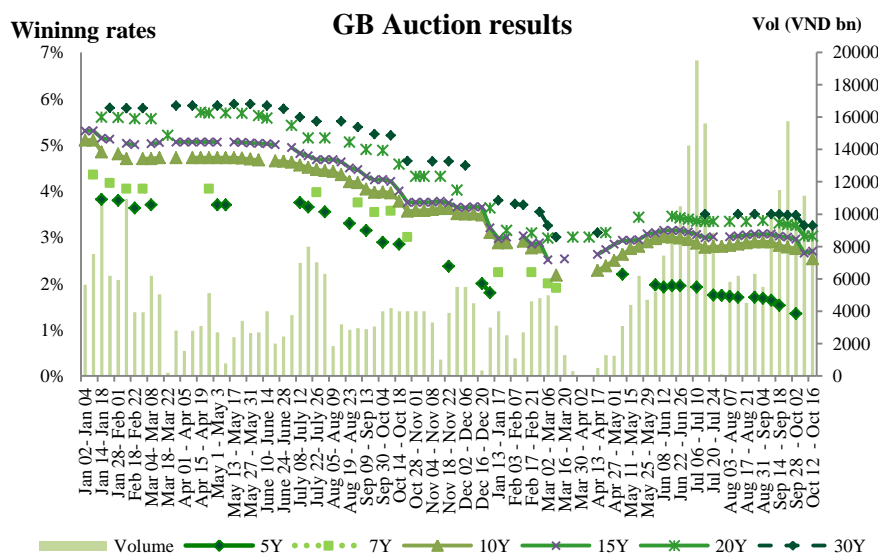
**Primary Market**

**ST focused on issuing long-term bond.**

**VND 9,217 bn was mobilized this week from ST.** Therein, ST issued VND 3,422 bn at 10Y tenors, VND 3,350 bn at 15Y tenors, VND 945 bn at 20Y tenors and VND 1,500 bn at 30Y. The registered volume-to-offering volume ratios for 10Y, 15Y, 20Y & 30Y tenors were 1.66, 1.68, 0.87 and 2.43 times. Winning volume-to-offering ratios for 30Y tenor recorded at 100%. It indicated that ST has shifted to issue longer tenors and market participants also prefer these tenors.

Winning rates for 10Y, 15Y, 20Y and 30Y tenors stood at 2.53% (-22 bps), 2.70 (+04 bps), 3.02% (unchanged), 3.25% (unchanged), respectively.

VDB and VBSP did not mobilize bond this week.



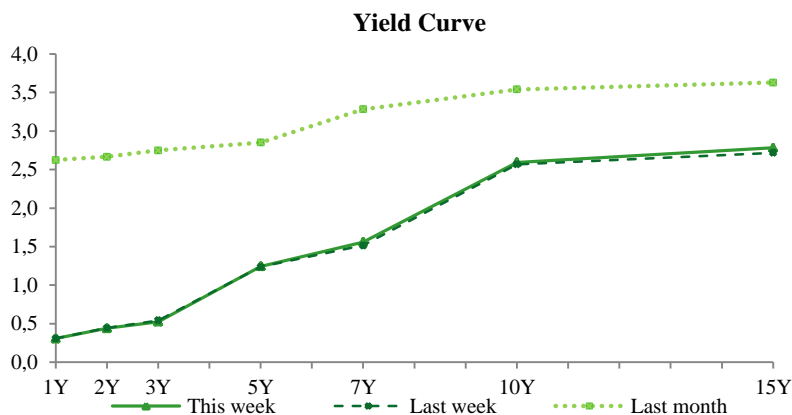
Source: HNX, VCBS

**Secondary Market**

**VND 52,901 bn (-13.9% wow) was traded on the secondary market.**

**VND 52,901 bn (-13.9% wow) was traded on the secondary.** In detail, Outright and repo values were at VND 36,888 (-23.1% wow) and VND 16,013 bn (+18.5% wow), respectively. Regarding outright, ST-Bond kept totally dominating trading volume with 100%. Remarkably, about 50% of trading volume recorded in medium-tenors (5Y-10Y).

**Yield curve fluctuated in a tight band.** According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted 0,306% (0 bps), 0,439% (-0,5 bps), 0,525% (-1,5 bps), 1,244% (+0,8 bps), 1,559% (+4,4 bps), 2,594% (+2,6 bps), 2,783% (+6,6 bps), respectively.



Source: Bloomberg, VCBS

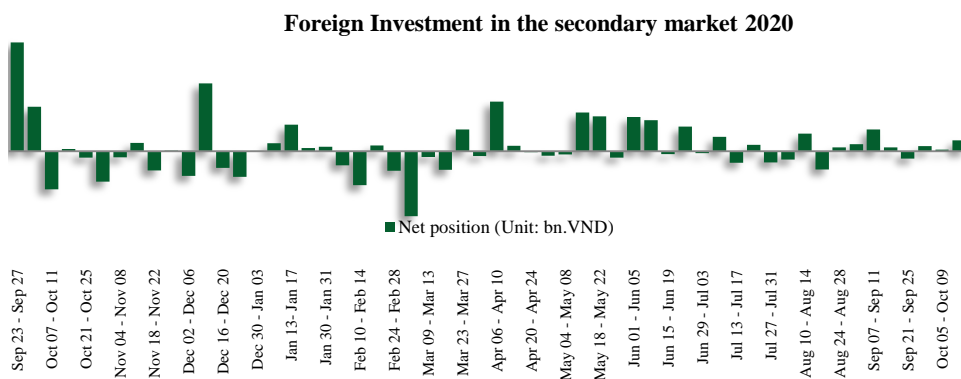
The 2020 United States presidential election is scheduled for Tuesday, November 3, 2020. It will be the 59th quadrennial presidential election. This means that the election is coming closer and market sentiment shall be more conservative while waiting for the result.

In the report "Implementation of the Socio-Economic Development Plan in 2020, the expected socio-economic development plan for 2021", the Government has limited the impact of the pandemic, basically achieved the overall goal and many targets, especially maintaining macroeconomic stability. Regarding the 2021 plan, the overall goal identified by the Government is to focus on effectively implementing the "dual goal" to prevent pandemics, ensure residents' health, and develop socio-economic conditions. The Government forecasts 12 major targets for 2020; in detail, GDP will increase by about 6% compared to 2020. On the basis of maintaining macroeconomic stability, controlling inflation, ensuring major balances, we believe these targets for 2021 are feasible.

As VCBS has mentioned in the [Fixed income report 3Q.2020](#), we believe that downward trend will dominate bond yields movement in the last quarter of 2020 as there would be no liquidity shortage. However, after plummeting in the previous quarters, bond yields may fluctuate in a tight band to regain the balance in the short run.

**Foreign investors net bought VND 302.93 bn this week.**

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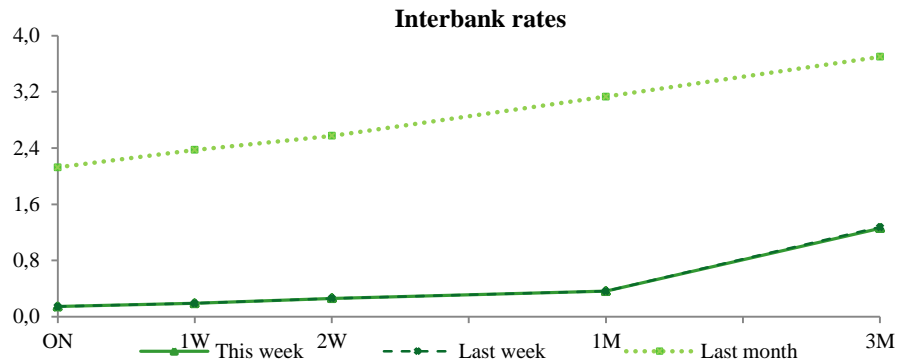
Source: HNX, VCBS

**INTEREST RATE**

**Interbank rates stayed at low levels.**

**Interbank Rates**

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Source: Bloomberg, VCBS

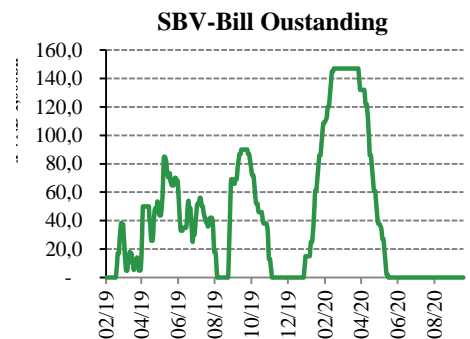
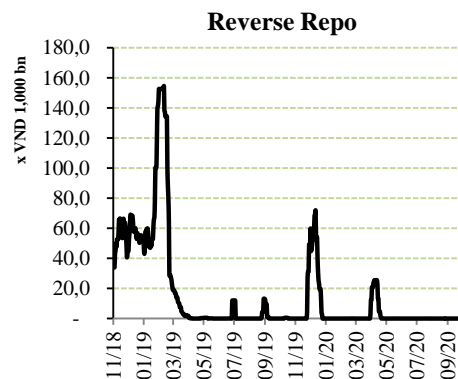
The exchange rate of USDVND listed by commercial banks declined by 10 VND compared to the previous week, stood at 23,090. Central rate stood at 23,201 VND/USD (increased by 3 VND). In the short term, the exchange rate will remain stable due to the weakening USD in international markets and the domestic foreign currency supply. However, some risks to watch out are the US authorities' investigation of Vietnam's foreign exchange policy with VND is undervalued.

Next week, we believe that abundant liquidity remains. Consequently, we are quite confident about chance that liquidity in the market shall support a period of a low level of interbank rates.

**Open Market Operation**

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

**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 4 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>								
14-Oct-20	10Y	4.500	7.485	3.422	1,66	2,53	76,04%	ST
14-Oct-20	15Y	4.000	6.700	3.350	1,68	2,7	83,75%	ST
14-Oct-20	20Y	2.000	1.745	945	0,87	3,02	47,25%	ST
14-Oct-20	30Y	1.500	3.638	1.500	2,43	3,25	100,00%	ST

### Secondary Market

Issuer	Last		Current	
	Value	Value share	Value	Value share
<b>Outright</b>				
ST	47.342	98,66%	36.662	99,39%
VDB	495	1,03%	226	0,61%
VBSP	148	0,31%	-	0,00%
Others	-	0,00%	-	0,00%
<b>Subtotal (1)</b>	<b>47.985</b>	<b>100,00%</b>	<b>36.888</b>	<b>100,00%</b>
<b>Repo</b>				
Repo	13.511	46,95%	16.013	49,80%
Reserve Repo	15.266	53,05%	16.143	50,20%
<b>Subtotal (2)</b>	<b>28.776</b>	<b>100,00%</b>	<b>32.156</b>	<b>100,00%</b>
<b>ST bills</b>				
Outright				
Repo				
<b>Subtotal (3)</b>				
<b>Total (1)+(2)+(3)</b>	<b>76.761</b>		<b>69.044</b>	

### Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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	-	-	-	-	-	-	-	-
09/07 - 09/11	-	-	-	-	-	-	-	-
09/14 - 09/18	-	-	-	-	-	-	-	-
09/21 - 09/25	-	-	-	-	-	-	-	-
09/28 - 10/02	-	-	-	-	-	-	-	-
10/05 - 10/09	-	-	-	-	-	-	-	-
<b>10/12 - 10/16</b>	-	-	-	-	-	-	-	-

## **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.

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## **CONTACT INFORMATION**

**Tran Minh Hoang**

Head of Research

tmhoang@vcbs.com.vn

**Le Thu Ha**

Senior Analyst - Economic research

ltha\_ho@vcbs.com.vn

**Dang Khanh Linh**

Analyst - Economic research

dklinh@vcbs.com.vn

**VIETCOMBANK SECURITIES COMPANY**

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