

Fixed-Income Report

Nov 09th – Nov 13th/2020

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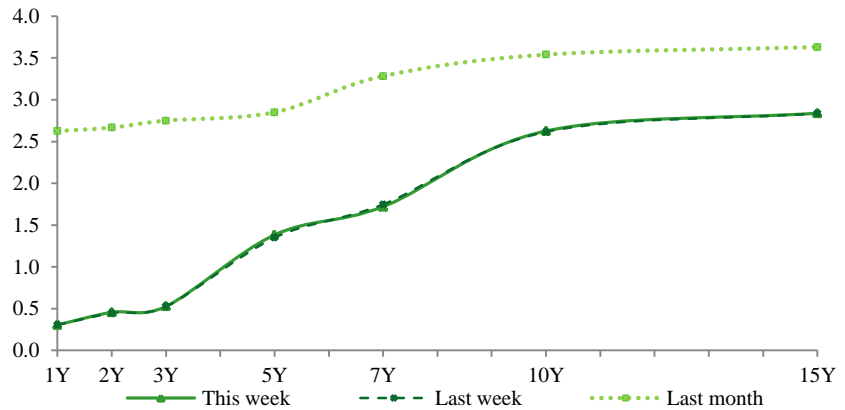
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Round-up

**Demand in primary surged. VDB issued bond for the first time this year.
Bond yields observed minor change.
Interbank rates stayed at low levels.**

Yield Curve



Source: Bloomberg, VCBS

■ VND 5,407 bn was mobilized from ST, while VND 10,000 bn was mobilized from VDB this week. 52,523 bn (+0.8% wow) was traded on the secondary market.

■ **Bond yields did not change much compared to the previous week.** According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted 0,306% (0 bps), 0,448% (-0,9 bps), 0,527% (0 bps), 1,377% (-0,6 bps), 1,69% (-3,1 bps), 2,636% (+1 bps), 2,84% (+0,1 bps), respectively.

■ Interbank rates stayed at low levels. In details, ON – 3M rates at 0,162%, 0,206%, 0,256%, 0,381% and 0,92% respectively according to Bloomberg data.

■ Foreign investors net bought VND 401.82 bn this week.

■ Last week saw no new transaction via OMO channel.

VCBS Commentary Nov 16th – Nov 20th

■ VCBS believe that the bullish force in asset prices shall be reactivated soon. Hence, a downward force in bond yields shall be on the go.

■ Last week, on November 12, 2020, the National Assembly appointed Mrs. Nguyen Thi Hong as governor of the State Bank of Vietnam. Previously, she is the Deputy Governor. Hence, we believe that after this event, SBV shall remain stability in regulating policies. Therefore, abundant liquidity status shall extend, interbank rates shall be stably low next week as well as in the near future.

Bond Market

VND 5,407 bn was mobilized from ST, while VND 10,000 bn was mobilized from VDB this week.

Primary Market

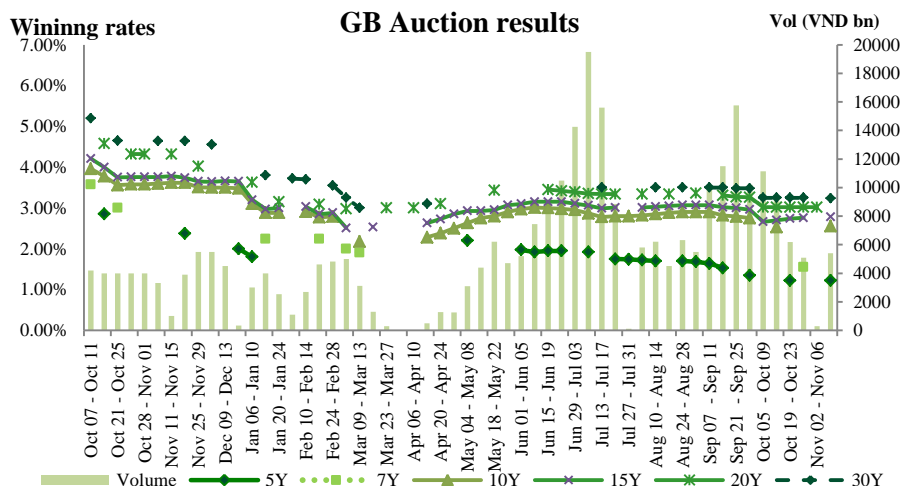
Demand in primary surged. VDB issued bond for the first time this year.

VND 5,407 bn was mobilized from ST. Therein, ST issued VND 900 bn at 5Y tenors, VND 1,201 bn at 10Y tenors, VND 3,116 bn at 15Y tenors and VND 1,000 bn at 30Y. The registered volume-to-offering volume ratios for 10Y, 15Y, 20Y & 30Y tenors were 1.24, 3.87, 1.28 and 1.50 times. Winning volume-to-offering ratios for 30Y tenor recorded at 100%.

Winning rates for 10Y, 15Y, 20Y and 30Y tenors stood at 1.22% (unchanged), 2.55 (+02 bps), 2.78% (+02 bps), 3.24% (-01 bps), respectively.

VND 10,000 bn was mobilized from VDB. Therein, VDB issued VND 5,000 bn at 10Y tenors, VND 5,000 bn at 15Y tenors. Auction for 5Y and 7Y tenors was not successful. The registered volume-to-offering volume ratios for 5Y, 7Y, 10Y, 15Y tenors were 0.83, 0.40, 2.97 and 2.86 times. Winning rates for 10Y and 15Y tenors stood at 3.12% and 3.31%.

VBSP did not mobilize bond this week.



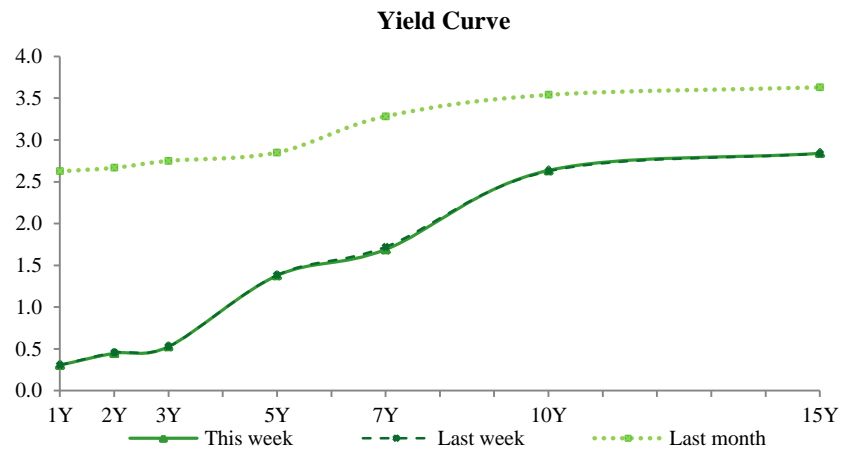
Source: HNX, VCBS

Secondary Market

VND 52,523 bn (+0.8% wow) was traded on the secondary market.

52,523 bn (+0.8% wow) was traded on the secondary. In detail, Outright and repo values were at VND 40,194 (+23.4% wow) and VND 25,326 bn (-36.9% wow), respectively. Regarding outright, ST-Bond kept totally dominating trading volume with 95%. The most liquid tenor is 7Y-15Y with roughly 77% of trading value

Bond yields did not change much compared to the previous week. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted 0,306% (0 bps), 0,448% (-0,9 bps), 0,527% (0 bps), 1,377% (-0,6 bps), 1,69% (-3,1 bps), 2,636% (+1 bps), 2,84% (+0,1 bps), respectively.

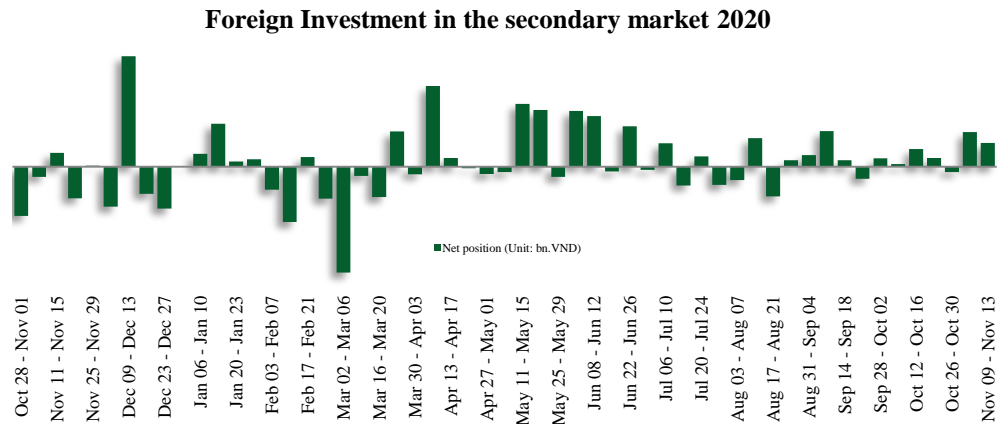


Source: Bloomberg, VCBS

As mentioned in previous report, VCBS believe that the bullish force in asset prices shall be reactivated soon. Hence, a downward force in bond yields shall be on the go.

Foreign investors net bought VND 401.82 bn this week.

Foreign investors net bought VND 401.82 bn this week mainly on 7Y tenor.



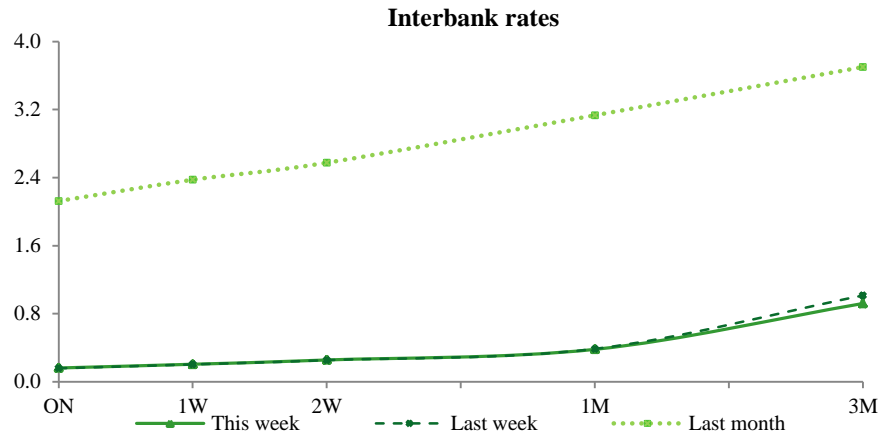
Source: HNX, VCBS

INTEREST RATE

Interbank rates stayed at low levels.

Interbank Rates

Interbank rates stayed at low levels. In details, ON – 3M rates posted at 0,162%, 0,206%, 0,256%, 0,381% and 0,92%, respectively according to Bloomberg data.



Source: Bloomberg, VCBS

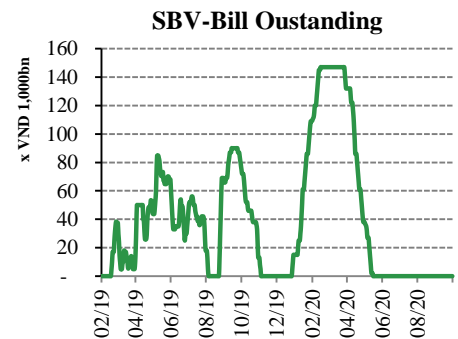
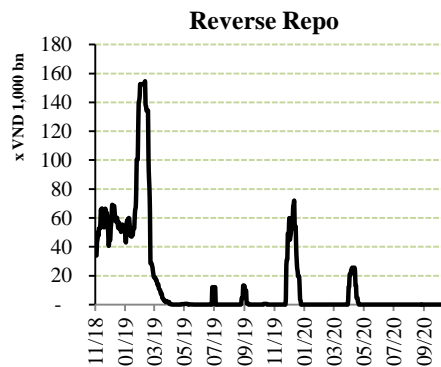
Exchange rates at commercial banks continued to be stable and less volatile around 23,270. Foreign currency source continues to be the highlight to stabilize the exchange rate in this period. Accordingly, VCBS maintains its forecasts that the exchange rate will fluctuate no more than 1% for the whole year.

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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 5 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
ST bills								
Government and government-backed bonds								
11-Nov-20	5Y	1.000	1.241	90	1,24	1,22	9,00%	ST
11-Nov-20	10Y	1.500	5.801	1.201	3,87	2,55	80,07%	ST
11-Nov-20	15Y	4.500	5.766	3.116	1,28	2,78	69,24%	ST
11-Nov-20	30Y	1.000	1.500	1.000	1,50	3,24	100,00%	ST
11-Nov-20	5Y	3.000	2.500	-	0,83	2,9	0,00%	VDB
11-Nov-20	7Y	3.000	1.200	-	0,40	3,2	0,00%	VDB
11-Nov-20	10Y	5.000	14.830	5.000	2,97	3,12	100,00%	VDB
11-Nov-20	15Y	5.000	14.290	5.000	2,86	3,31	100,00%	VDB

Secondary Market

Issuer	Last		Current	
	Value	Value share	Value	Value share
Outright				
ST	32,263	99.06%	38,273	95.22%
VDB	248	0.76%	1,921	4.78%
VBSP	58	0.18%	-	0.00%
Others	-	0.00%	-	0.00%
Subtotal (1)	32,569	100.00%	40,194	100.00%
Repo				
Repo	19,538	57.38%	12,330	48.68%
Reserve Repo	14,511	42.62%	12,996	51.32%
Subtotal (2)	34,049	100.00%	25,326	100.00%
ST bills				
Outright				
Repo				
Subtotal (3)				
Total (1)+(2)+(3)	66,618		65,519	

Open Market Operation

Date	Reverse Repo				Outright (SBV Bills)			
	Due	Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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	-	-	-	-	-	-	-	-
10/12 - 10/16	-	-	-	-	-	-	-	-
10/19 - 10/23	-	-	-	-	-	-	-	-
10/26 - 10/30	-	-	-	-	-	-	-	-
11/02 - 11/06	-	-	-	-	-	-	-	-

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