

## Fixed-Income Report

Dec 07<sup>th</sup> – Dec 11<sup>th</sup>/2020

### In this issue

- Round up
- Bond market
- Interest rates

**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)

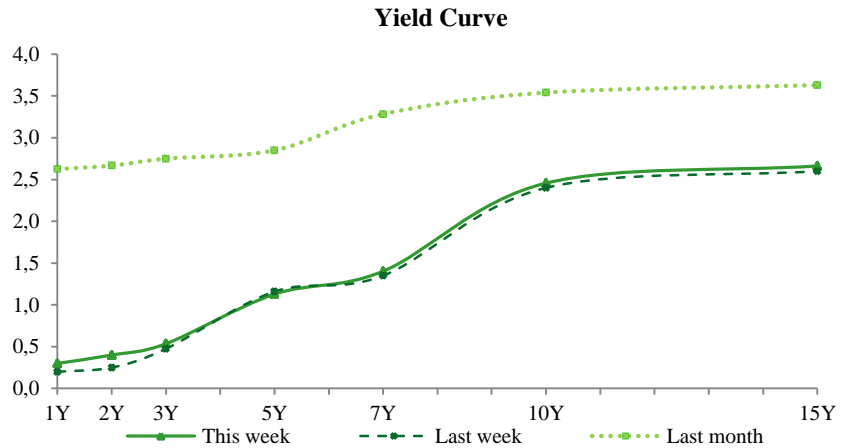
See Disclaimer at Page 5

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

[www.vcbs.com.vn/vn/Services/AnalysisResearch](http://www.vcbs.com.vn/vn/Services/AnalysisResearch)

## Round-up

**High demand in primary remained.  
Yield curve shifted upwards frictionally.  
Interbank rates stayed at low levels.**



Source: Bloomberg, VCBS

■ VND 7,500 bn was mobilized from ST, while VND 3,850 bn was mobilized from VDB this week. VND 80,986 bn (+59.30% wow) was traded on the secondary market.

■ Yield curve shifted upwards frictionally. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted 0.3% (+10 bps), 0.4% (+15 bps), 0.535% (+6 bps), 1.129% (-3.1 bps), 1.403% (+5.3 bps), 2.457% (+5.7 bps), 2.662% (+6.2 bps), respectively.

■ Interbank rates stayed at low levels. In details, ON – 3M rates posted at 0.15%, 0.194%, 0.244%, 0.33% and 1.18%, respectively according to Bloomberg data.

■ Foreign investors net bought VND 808.82 bn this week.

■ Last week saw no new transaction via OMO channel.

## VCBS Commentary Dec 14<sup>th</sup> – Dec 18<sup>th</sup>

■ We believe downward force should dominate on the bond market in the long run. In the context of abundant liquidity on the interbank market and positive sentiment of the participants, bond yields are likely to decrease in the next week.

■ Abundant liquidity status shall extend, interbank rates shall be stably low next week as well as in the near future.

**Bond Market**

**VND 7,500 bn was mobilized from ST, while VND 3,850 bn was mobilized from VDB this week.**

**Primary Market**

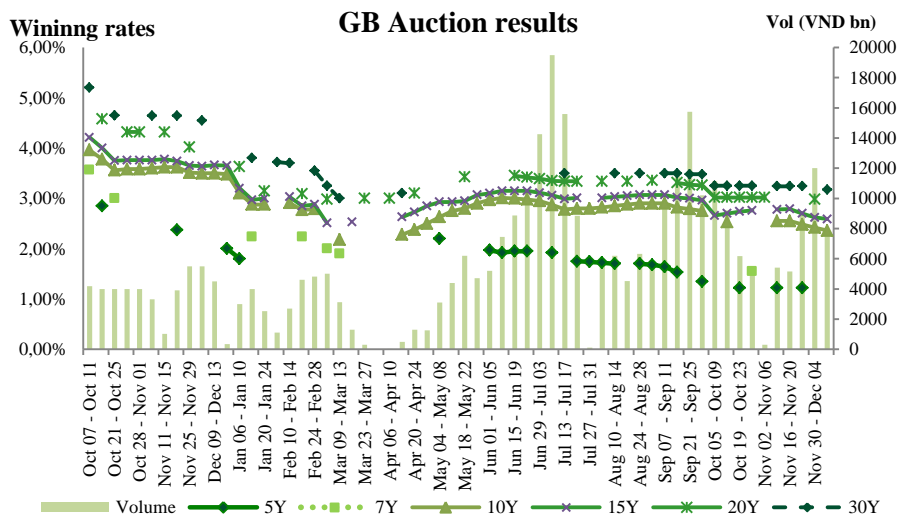
**High demand in primary remained. 100% amount issued successfully.**

**VND 7,500 bn was mobilized from ST.** Therein, ST issued VND 2,500 bn at 10Y tenors, VND 4,000 bn at 15Y tenors, and VND 1,000 bn at 30Y tenors. The registered volume-to-offering volume ratios for 10Y, 15Y & 30Y tenors were 3.49; 2.49 and 3.12 times. Winning volume-to-offering ratios for all tenors recorded at 100%, which indicated high demand in the primary market.

Winning rates for 10Y, 15Y, and 20Y tenors stood at 2.36% (-6 bps), 2.59% (-3 bps), 3.17% (-7 bps) respectively compared to the previous week.

**VND 3,850 bn was mobilized from VDB.** Therein, VDB issued VND 1,250 bn at 10Y tenors, VND 2,600 bn at 15Y tenors. The registered volume-to-offering volume ratios for 10Y, 15Y tenors were 1.15 and 2.15 times. Winning rates for 10Y and 15Y tenors stood at 2.75% (-34 bps), 2.9% (-37 bps) respectively.

VBSP did not mobilize bond this week.



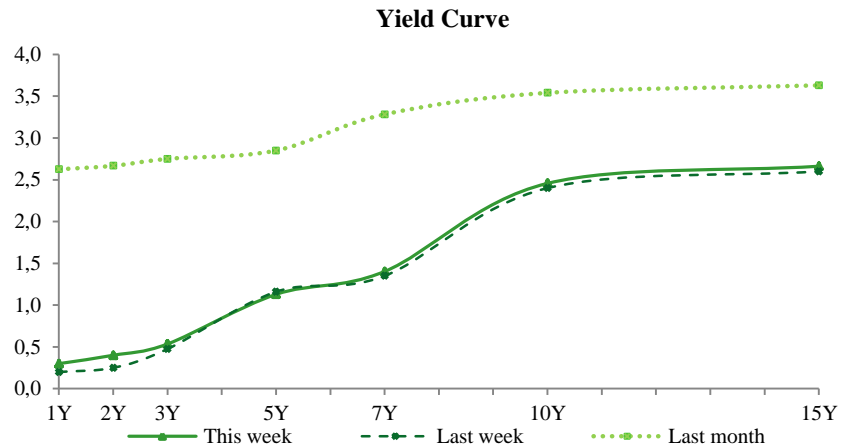
Source: HNX, VCBS

**Secondary Market**

**VND 80,986 bn (+59.30% wow) was traded on the secondary market.**

**VND 80,986 bn (+59.30% wow) was traded on the secondary.** Market seemed to cool down after an exciting trading week. In detail, Outright and repo values were at VND 49,842 (+52.1% wow) and VND 31,144 bn (+72.4% wow), respectively. Regarding outright, ST-Bond kept totally dominating trading volume with 91%. The most liquid tenor is 7Y-15Y with roughly 80% of trading value

**Yield curve shifted upwards frictionally.** According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted 0.3% (+10 bps), 0.4% (+15 bps), 0.535% (+6 bps), 1.129% (-3.1 bps), 1.403% (+5.3 bps), 2.457% (+5.7 bps), 2.662% (+6.2 bps), respectively.



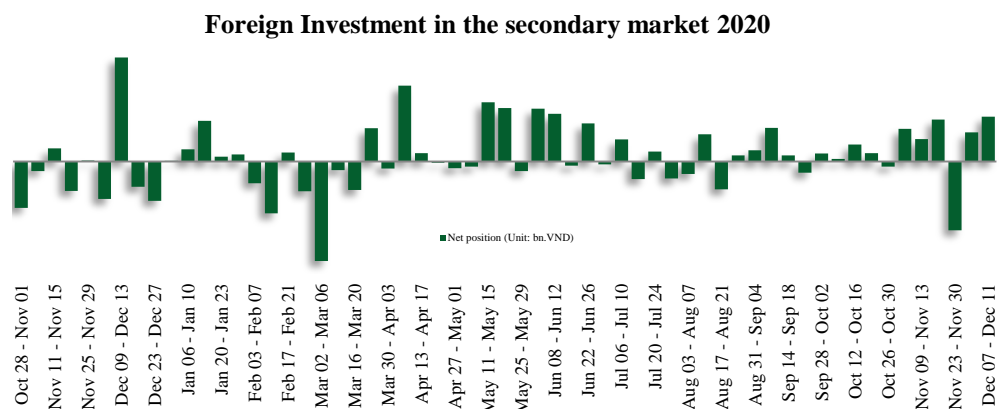
Source: Bloomberg, VCBS

In the year-end session, the European Central Bank (ECB) did not change the key rates, but increased the size of the asset purchase policies to support the market. In detail, the ECB decided to maintain the refinancing interest rate (1W) at 0.0%; Marginal lending rate (ON): 0.25% and deposit interest rate: -0.50%. In addition, the ECB said it would increase the size of the Pandemic Emergency Purchase Program (PEPP) by 500 billion EUR, bringing the total value of the program to 1850 billion EUR. This means that the package implementation time will be extended at least until March 2021. Furthermore, ECB will maintain this packet until the end of the Covid-19 pandemic. It indicates that central banks will maintain easing monetary policies in the long time.

In the context of easing monetary policies, the price of asset, especially risk-free asset should increase. We believe downward force should dominate on the bond market in the long run. Moreover, in the context of abundant liquidity on the interbank market and positive sentiment of the participants, liquidity in bond market boomed (increased by 59% compared to the next week). Accordingly, bond yields are likely to decrease in the next week.

**Foreign investors net bought VND 808,82 bn this week.**

**Foreign investors net bought VND 808,82 bn this week mainly on 10Y.**



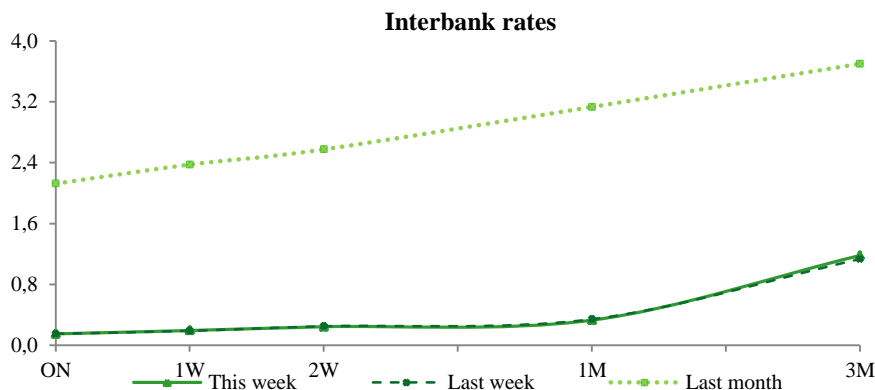
Source: HNX, VCBS

**INTEREST RATE**

**Interbank rates stayed at low levels.**

**Interbank Rates**

**Interbank rates stayed at low levels.** In details, ON – 3M rates posted at 0.15%, 0.194%, 0.244%, 0.33% and 1.18%, respectively according to Bloomberg data.



Source: Bloomberg, VCBS

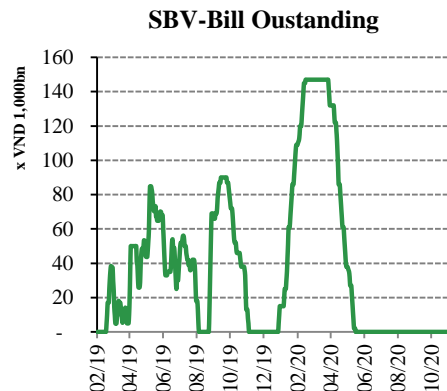
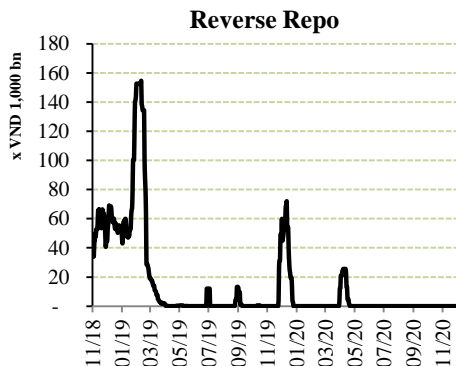
Exchange rates at commercial banks continued to be stable and less volatile around 23,040. Foreign currency source continues to be the highlight to stabilize the exchange rate in this period. Accordingly, VCBS maintains its forecasts that the exchange rate will not fluctuate more than 1%.

Therefore, abundant liquidity status shall extend, interbank rates shall be stably low next week as well as in the near future.

**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
<b>ST bills</b>								
<b>Government and government-backed bonds</b>								
9-Dec-20	10Y	2,500	9,842	2,500	3.94	2.36	100.00%	ST
9-Dec-20	15Y	4,000	9,950	4,000	2.49	2.59	100.00%	ST
9-Dec-20	30Y	1,000	3,115	1,000	3.12	3.17	100.00%	ST
8-Dec-20	10Y	3,900	4,501	1,250	1.15	2.75	32.05%	VDB
8-Dec-20	15Y	3,000	6,450	2,600	2.15	2.9	86.67%	VDB

### Secondary Market

Issuer	Last		Current	
	Value	Value share	Value	Value share
<b>Outright</b>				
ST	29.421	89,78%	44.587	89,46%
VDB	1.211	3,69%	2.884	5,79%
VBSP	-	0,00%	2.370	4,76%
Others	2.140	6,53%	-	0,00%
<b>Subtotal (1)</b>	<b>32.771</b>	<b>100,00%</b>	<b>49.842</b>	<b>100,00%</b>
<b>Repo</b>				
Repo	18.069	51,12%	31.144	56,25%
Reserve Repo	17.278	48,88%	24.228	43,75%
<b>Subtotal (2)</b>	<b>35.347</b>	<b>100,00%</b>	<b>55.372</b>	<b>100,00%</b>
<b>ST bills</b>				
Outright				
Repo				
<b>Subtotal (3)</b>				
<b>Total (1)+(2)+(3)</b>	<b>68.118</b>		<b>105.214</b>	

### Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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	-	-	-	-	-	-	-	-
11/09 - 11/13	-	-	-	-	-	-	-	-
11/16 - 11/21	-	-	-	-	-	-	-	-
11/23 - 11/27	-	-	-	-	-	-	-	-
11/30 - 12/04	-	-	-	-	-	-	-	-
<b>12/07 - 12/11</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.

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 (thereafter, 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

**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>