

## Fixed-Income Report

**Dec 21<sup>st</sup> – Dec 25<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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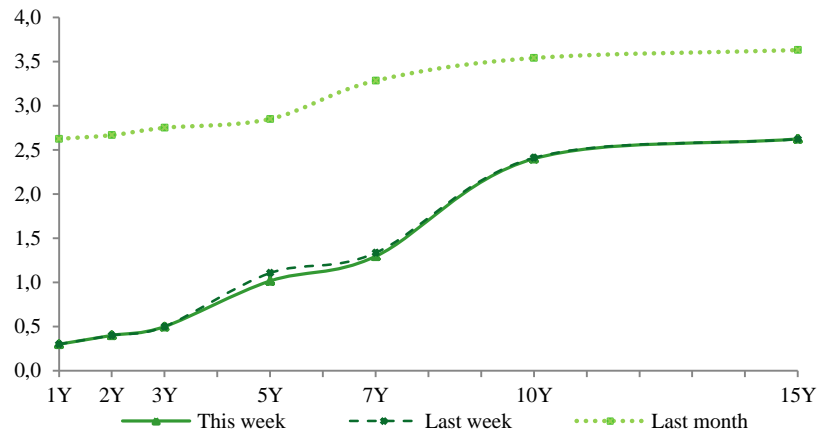
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## Round-up

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

**Yield Curve**



Source: Bloomberg, VCBS

■ VND 12,114 bn was mobilized from ST and VND 2,150 bn was mobilized from VDB. VND 77,347 bn (-9.22% wow) was traded on the secondary market.

■ Yield curve shifted downwards. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted 0,3% (0 bps), 0,4% (0 bps), 0,5% (0 bps), 1,016% (-9 bps), 1,295% (-4 bps), 2,4% (-1 bps), 2,624% (+0,2 bps), respectively.

■ Interbank rates stayed at low levels. In details, ON – 3M rates posted at 0,159%, 0,205%, 0,252%, 0,308% and 1,306%, respectively according to Bloomberg data.

■ Foreign investors net bought VND 153.02 bn this week.

■ Last week saw no new transaction via OMO channel.

## VCBS Commentary Dec 28<sup>th</sup> – 31<sup>st</sup>

■ In the context of abundant liquidity, we do not change the view that downward force will dominate on the bond market in the long run. However, next week is the last week of the year, thus, bond yields may not fluctuate widely, yield curve should shift downward minimally.

■ We believe that there will be no unexpected event that could trigger interbank rates can robust in the upcoming time. Instead, interbank rates should stay at current levels.

**Bond Market**

**VND 12,114 bn was mobilized from ST.**

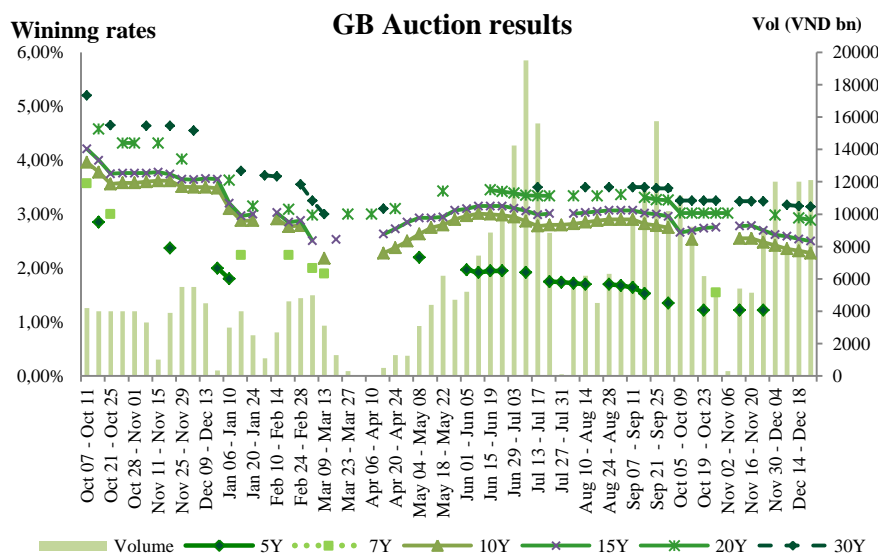
**Primary Market**

**High demand in primary remained.**

**VND 12,114 bn was mobilized from ST and VND 2,150 bn was mobilized from VDB.** Therein, ST issued VND 4,500 bn at 10Y tenors, VND 6,000 bn at 15Y tenors, VND 1,000 bn at 20Y tenor, and VND 614 bn 30Y tenor. The registered volume-to-offering volume ratios for 10Y, 15Y, 20Y & 30Y tenors were 3.58; 2.10; 2.32 and 1.52 times. Winning volume-to-offering ratios for 30Y tenor stood at 61.35%, while the ratio for 10Y, 15Y, 20Y tenors recorded at 100%, which indicated high demand in the primary market.

Winning rates for 10Y, 15Y, 20Y and 30Y tenors stood at 2.28% (-04 bps), 2.50% (-04 bps), 2.89% (-04 bps) and 3.14 (-01 bps), respectively.

VBSP did not mobilize bond this week.



Source: HNX, VCBS

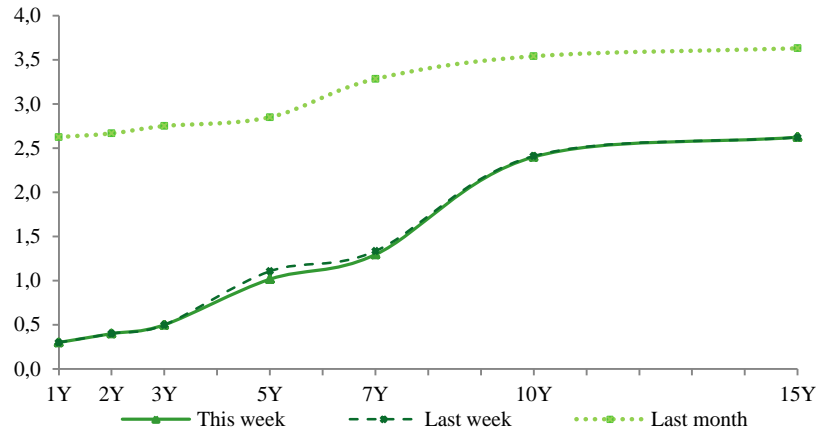
**Secondary Market**

**VND 70,341 bn (-9.22% wow) was traded on the secondary market.**

**VND 77,347 bn (-9.22% 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 50,310 (+0.1% wow) and VND 20,031 bn (-26.7% wow), respectively. Regarding outright, ST-Bond kept totally dominating trading volume with 91%. The most liquid tenor is 7Y-15Y with roughly 64% of trading value

**Yield curve shifted downwards.** According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted 0,3% (0 bps), 0,4% (0 bps), 0,5% (0 bps), 1,016% (-9 bps), 1,295% (-4 bps), 2,4% (-1 bps), 2,624% (+0,2 bps), respectively.

**Yield Curve**



Source: Bloomberg, VCBS

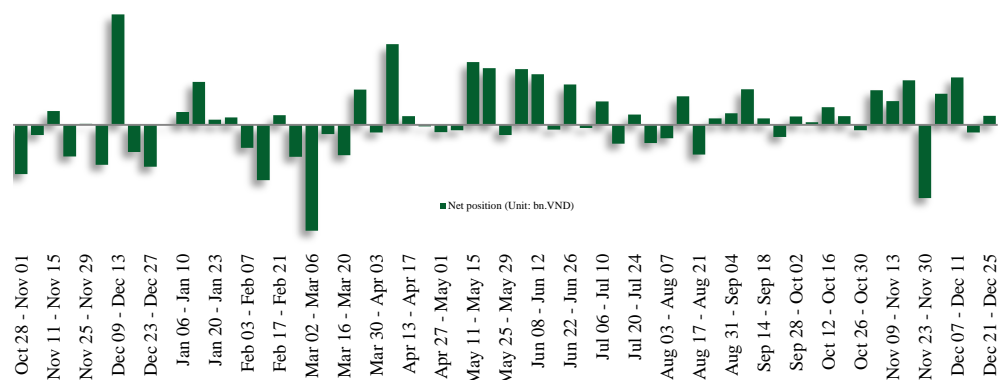
GDP in 2020 increase by 2.91% (Q1: 3.68% yoy; Q2: 0.39% yoy; Q3: 2.69% yoy; Q4: 4.48% yoy). Although the figure is the lowest in the period 2011-2020, in the context of complicated developments in Covid-19 pandemic, negatively affecting all socio-economic fields, this is a great success of Vietnam. 2020 belongs to the highest group in the world. This shows the correctness in the direction and administration of economic recovery; the efforts of the community to implement the goal of "both preventing pandemic and developing socio-economy".

In the context of abundant liquidity, we do not change the view that downward force will dominate on the bond market in the long run. However, next week is the last week of the year, thus, bond yields may not fluctuate widely, yield curve should shift downward minimally.

**Foreign investors net bought VND 153.02 bn this week.**

**Foreign investors net bought VND 153.02 bn this week mainly on 10Y.**

**Foreign Investment in the secondary market 2020**



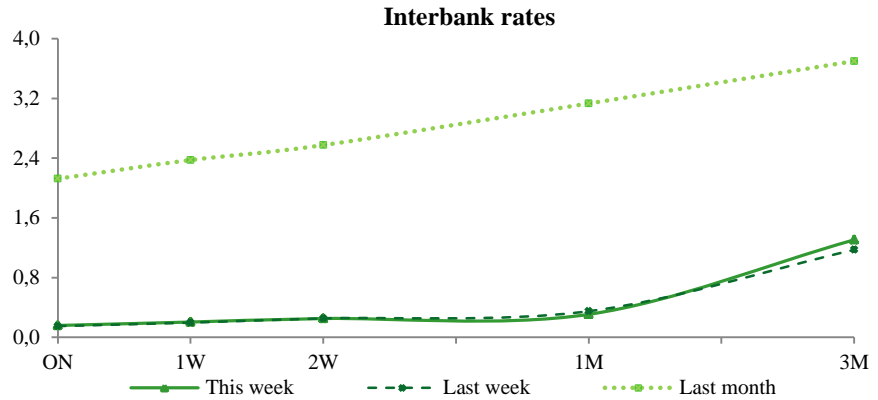
Source: HNX, VCBS

**INTEREST RATE**

**Interbank Rates**

**Interbank rates stayed at low levels.**

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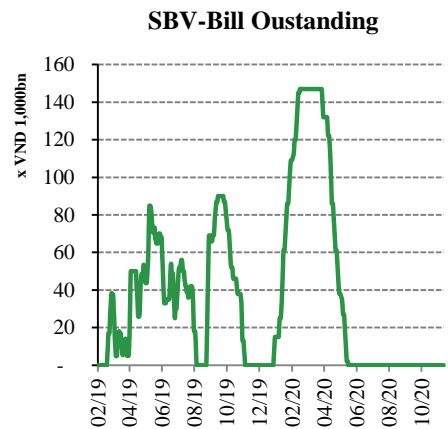
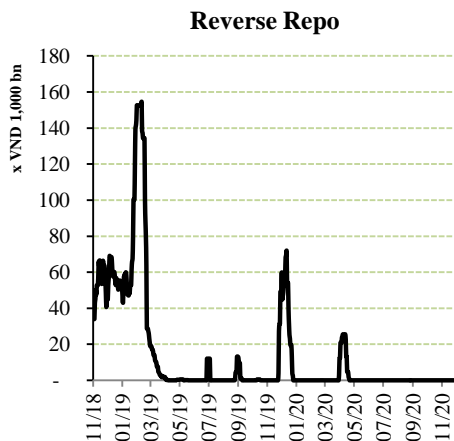
Source: Bloomberg, VCBS

According to State Bank, credit growth was 10.14% from the beginning of the year to December 21. Credit growth is expected to growth by about 11% for the whole year. It should be noted that credit often accelerates at the end of the year. However, in the context of abundant liquidity, interbank rates still stood at low levels. We believe that the will be no unexpected event that could trigger interbank rates can robust in the upcoming time. Instead, interbank rates should stay at current levels.

**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 6 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>								
23-Dec-20	10Y	4.500	16.091	4.500	3,58	2,28	100,00%	ST
23-Dec-20	15Y	6.000	12.610	6.000	2,10	2,5	100,00%	ST
23-Dec-20	20Y	1.000	2.320	1.000	2,32	2,89	100,00%	ST
23-Dec-20	30Y	1.000	1.514	614	1,51	3,14	61,35%	ST
22-Dec-20	10Y	1.500	600	600	0,40	2,75	40,00%	VDB
22-Dec-20	15Y	1.550	2.250	1.550	1,45	2,85	100,00%	VDB

### Secondary Market

Issuer	Last		Current	
	Value	Value share	Value	Value share
<b>Outright</b>				
ST	45.053	89,68%	47.814	95,04%
VDB	1.507	3,00%	2.123	4,22%
VBSP	2.060	4,10%	374	0,74%
Others	1.620	3,22%	-	0,00%
<b>Subtotal (1)</b>	<b>50.240</b>	<b>100,00%</b>	<b>50.310</b>	<b>100,00%</b>
<b>Repo</b>				
Repo	27.336	64,95%	20.031	57,19%
Reserve Repo	14.753	35,05%	14.993	42,81%
<b>Subtotal (2)</b>	<b>42.090</b>	<b>100,00%</b>	<b>35.024</b>	<b>100,00%</b>
<b>ST bills</b>				
Outright				
Repo				
<b>Subtotal (3)</b>				
<b>Total (1)+(2)+(3)</b>	<b>92.330</b>		<b>85.334</b>	

### Open Market Operation

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

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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>