

Fixed-Income Report

Mar 08th – 12th/2021

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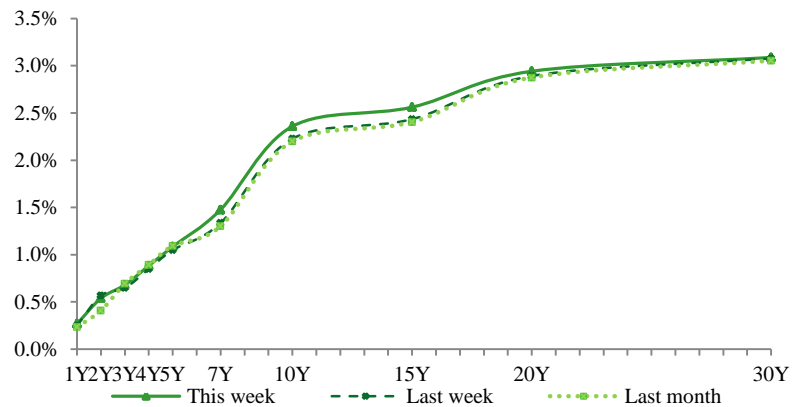
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Round-up

**Wining rates inched up in primary market.
Bond yields struggled to find direction.
Interbank rates posted at low levels.**

Yield Curve



Source: VBMA, VCBS compiles

■ VND 3,650 bn was mobilized from ST. VND 41,846 (-19.12% wow) bn was traded on the secondary market.

■ Bond yields recorded minor changes. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0,252% (-0,3 bps), 0,458% (-1,1 bps), 0,645% (+5 bps), 0,86% (+2,7 bps), 1,076% (+0,4 bps), 1,487% (-1 bps), 2,357% (+0,5 bps), 2,557% (-0,1 bps), 3,006% (0 bps), 3,142% (+1,7 bps), respectively.

■ Interbank rates posted at low levels. In details, ON – 3M rates posted 0,242%, 0,372%, 0,473%, 0,666% and 1,385%, respectively according to Bloomberg data. Foreign investors net bought VND 1.97 bn at all tenors.

■ SBV do not need to pump liquidity into the system.

VCBS Commentary Mar 15th – 19th

■ This week, we are waiting for the Fed monetary policies meetings with the expectation that they will once again confirm no interest hike in the near future as labor target is still far. In that case, we believe that bond yields shall move sideways down with a better volume in the secondary market.

■ At the moment, we do not foresee some factors may affect shortage liquidity in the interbank market. Thus, abundant liquidity status shall extend, interbank rates shall be stably low next week as well as in the near future.

Bond Market

VND 3,650 bn was mobilized from ST.

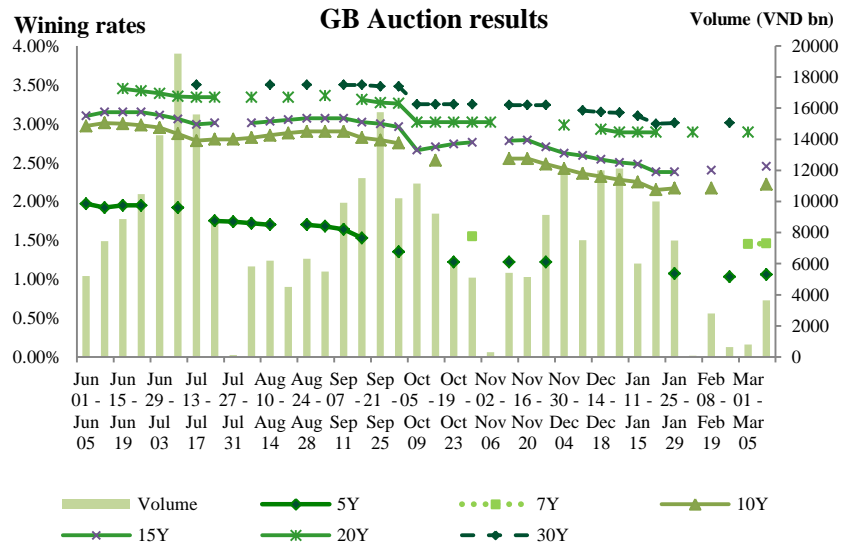
Primary Market

Wining volume increased and wining rates inched up.

VND 3,650 bn was mobilized from ST. Therein, ST successfully issued VND 600 bn at 5Y tenors, VND 1.000 bn at 7Y tenors, VND 1.050 bn at 10Y tenors, and VND 1.000 bn at 15Y tenors. The registered volume-to-offering volume ratios for 5Y, 7Y, 10Y & 15Y tenors were 2.1; 2.36; 2.53 and 2.05 times. Wining volume-to-offering ratios for these tenors stood at 60%, 100%, 52.5%, 50%, respectively.

Wining rates for 5Y, 7Y, 10Y and 15Y stood at 1.06% (+03 bps), 1.46% (+01 bps), 2.22% (+05 bps) and 2.45% (+05 bps).

VDB and VBSP did not mobilize bond this week.



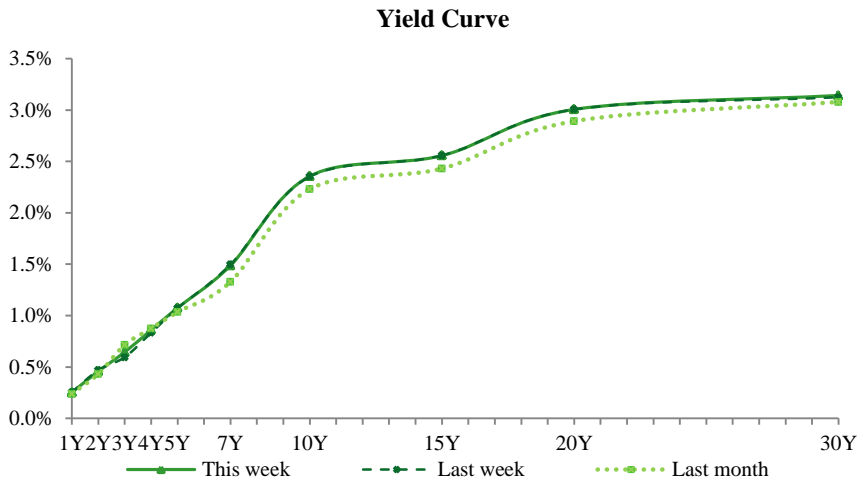
Source: HNX, VCBS

Secondary Market

VND 41,846 (-19.12% wow) bn was traded on the secondary market.

VND 41,846 (-19.12% wow) was traded on the secondary market. In detail, Outright and repo values were at VND 32,072 bn and VND 9,724 bn respectively. Decreased trading volume implied that market sentiment is quite conservative at the moment. Regarding outright, ST-Bond kept totally dominating trading volume with 99%. The most liquid tenor is 7Y-15Y with roughly 65% of trading value

Bond yields recorded minor changes. According to VBMA data, 1Y, 2Y, 3Y,4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0,252% (-0,3 bps), 0,458% (-1,1 bps), 0,645% (+5 bps), 0,86% (+2,7 bps), 1,076% (+0,4 bps), 1,487% (-1 bps), 2,357% (+0,5 bps), 2,557% (-0,1 bps), 3,006% (0 bps), 3,142% (+1,7 bps), respectively.



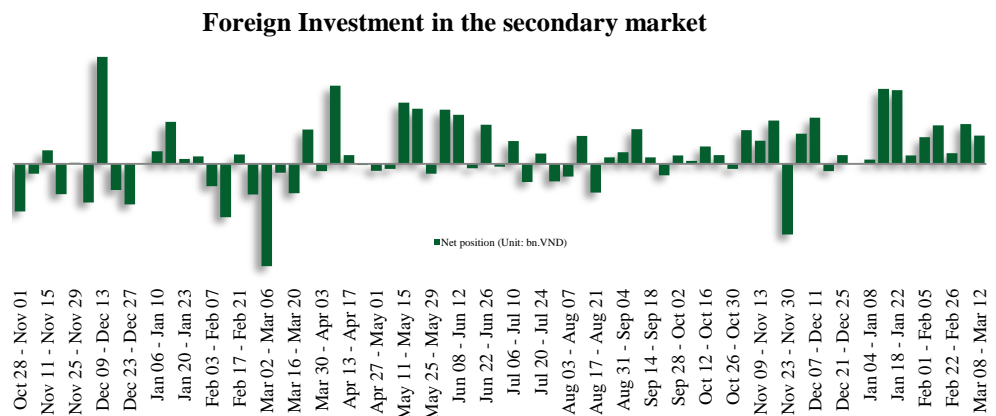
Source: VBMA, VCBS compiles

In the latest policy meeting, European Central Bank left its key policy rates and asset purchase program unchanged though said that it would speed up the pace of its purchases. Besides, President Joe Biden signed the \$1.9 trillion coronavirus relief package on Thursday last week. The plan sends direct payments of up to \$1,400, extends a \$300 per week unemployment insurance supplement, expands the child tax credit, and puts funds into vaccine distribution. This implied that the overall trend of the world is loosening policies, which may, in turn, push higher prices on assets.

This week, we are waiting for the Fed monetary policies meetings with the expectation that they will once again confirm no interest hike shortly as labor target is still far. In that case, we believe that bond yields shall move sideways down with a better volume in the secondary market.

Foreign investors net bought VND 494.15 bn.

Foreign investors net bought VND 1494.15 bn at 3Y, 10Y and 15Y.



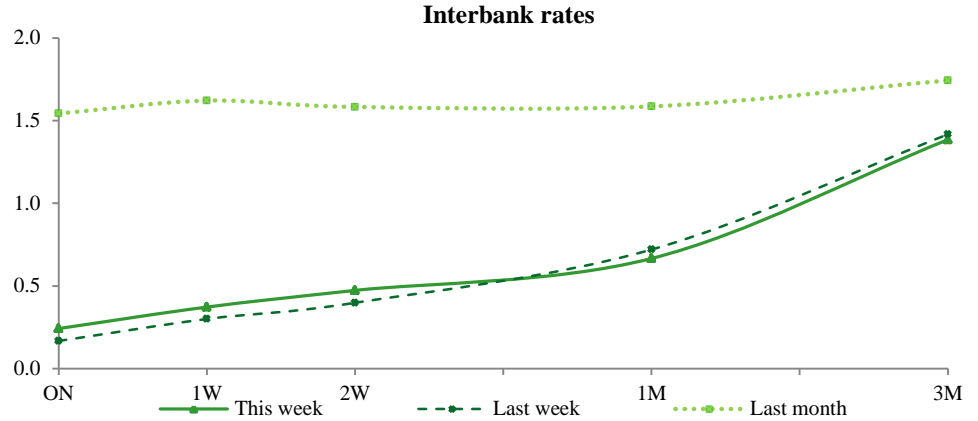
Source: HNX, VCBS

INTEREST RATE

Interbank Rates

Interbank rates posted at low levels steadily.

Interbank rates posted at low levels steadily. In details, ON – 3M rates posted 0,242%, 0,372%, 0,473%, 0,666% and 1,385%, respectively according to Bloomberg data.



Source: Bloomberg, VCBS

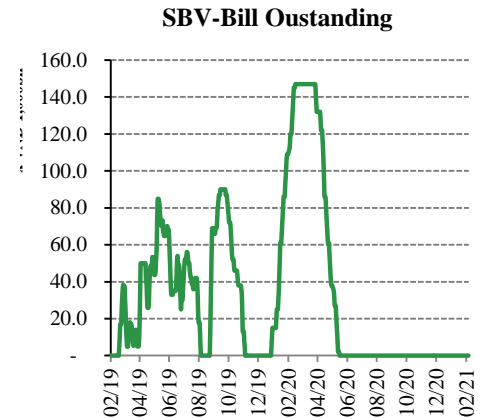
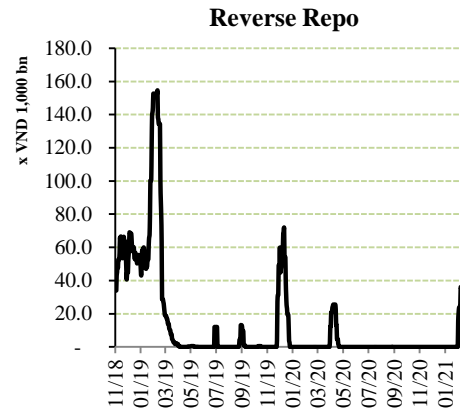
During the week, some banks increased deposit rates from 10-50 bps for individual customers after February saw deposit rates have decreased about 30 bps for all tenors. We notice that upward pressure on deposit rates in last weeks is only recorded on certain banks, which have low level of deposit rates in banking system. Hence, this does not indicate an increase in deposit rate in the whole system. Besides, it is unlikely that interest rates will rise higher in the context of a stable macroeconomic background, abundant capital flows, and domestic enterprises' export activities recover.

At the moment, we do not foresee some factors may affect shortage liquidity in the interbank market. Thus, abundant liquidity status shall extend, interbank rates shall be stably low next week as well as in the near future.

Open Market Operation

No transaction recorded this week.

Except for the Lunar new year, SBV do not need to pump liquidity in the system.



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								
10-Mar-21	5Y	1,000	2,100	600	2.10	1.06	60.00%	ST
10-Mar-21	7Y	1,000	2,362	1,000	2.36	1.46	100.00%	ST
10-Mar-21	10Y	2,000	5,051	1,050	2.53	2.22	52.50%	ST
10-Mar-21	15Y	2,000	4,100	1,000	2.05	2.45	50.00%	ST

Secondary Market

Issuer	Last		Current	
	Value	Value share	Value	Value share
Outright				
ST	37,456	99.81%	32,072	100.00%
VDB	-	0.00%	-	0.00%
VBSP	-	0.00%	-	0.00%
Others	70	0.19%	-	0.00%
Subtotal (1)	37,526	100.00%	32,072	100.00%
Repo				
Repo	14,210	35.14%	9,774	39.58%
Reserve Repo	26,224	64.86%	14,921	60.42%
Subtotal (2)	40,434	100.00%	24,695	100.00%
ST bills				
Outright				
Repo				
Subtotal (3)				
Total (1)+(2)+(3)	77,960		56,767	

Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
12/07 - 12/11	-	-	-	-	-	-	-	-
12/14 - 12/18	-	-	-	-	-	-	-	-
12/21 - 12/25	-	-	-	-	-	-	-	-
12/28 - 12/31	-	-	-	-	-	-	-	-
01/04 - 01/08	-	-	-	-	-	-	-	-
01/11 - 01/14	-	-	-	-	-	-	-	-
01/18 - 01/22	-	-	-	-	-	-	-	-
01/25 - 01/29	-	-	-	-	-	-	-	-
02/01 - 02/05	-	24.097	24.097	24.097	-	-	-	-
02/08 - 02/12	15.568	26.629	11.061	35.158	-	-	-	-
02/15 - 02/19	8.529	-	(8.529)	26.629	-	-	-	-
02/22 - 02/26	26.629	-	(26.629)	-	-	-	-	-
03/01 - 03/05	-	-	-	-	-	-	-	-
03/08 - 03/12	-	-	-	-	-	-	-	-

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