

Fixed-Income Report

Mar 15th – 19th/2021

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Le Thu Ha

ltha_ho@vcbs.com.vn

+84 24 3936 6990 (ext. 7311)

Dang Khanh Linh

+84 24 3936 6990 (ext. 7284)

dklinh@vcbs.com.vn

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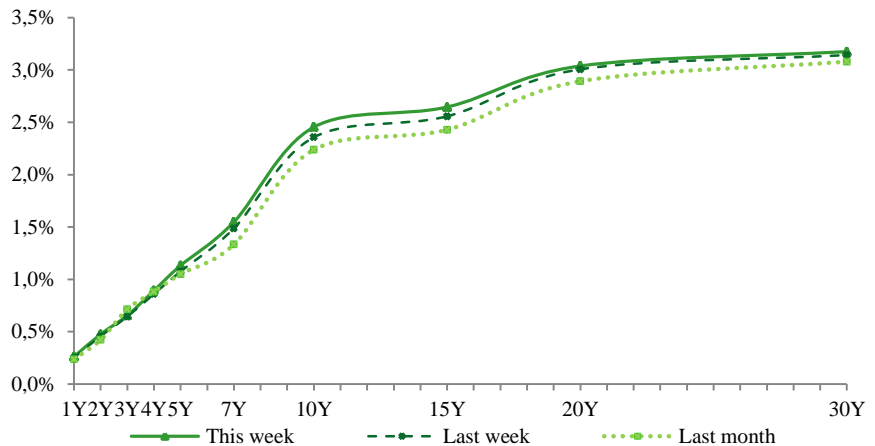
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Round-up

- Wining rates inched up in primary market.
- Yield curve shifted upward fictionally.
- Interbank rates posted at low levels.

Yield Curve



Source: VBMA, VCBS compiles

- VND 2,181 bn was mobilized from ST. VND 46,871 (+11.50% wow) bn was traded on the secondary market.
- Yield curve shifted upward fractionally. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0,261% (+0,9 bps), 0,476% (+1,8 bps), 0,655% (+1 bps), 0,893% (+3,3 bps), 1,132% (+5,6 bps), 1,548% (+6,1 bps), 2,454% (+9,7 bps), 2,646% (+8,9 bps), 3,038% (+3,2 bps), 3,175% (+3,3 bps), respectively.
- Interbank rates stayed at low levels. In details, ON – 3M rates posted 0,269%, 0,393%, 0,481%, 0,682% and 1,286%, respectively according to Bloomberg data.
- No transaction via OMO channel recorded this week.

VCBS Commentary Mar 22nd – 29th

- Moody's Investors Service (Moody's) has maintained the Government of Vietnam's long-term issuer and senior unsecured ratings at Ba3 and changed the outlook to positive from negative, quoting fiscal consolidation and an improving economy.
- VCBS remains the view that bond yields should move sideways down with supporting argument from domestic factors and worldwide trend; and abundant liquidity is still available in the banking system.
- At the moment, economic factors support the idea that liquidity should be abundant in the interbank market. Thus, interbank rates should stay at low levels in upcoming weeks.

Bond Market

VND 2,181 bn was mobilized from ST.

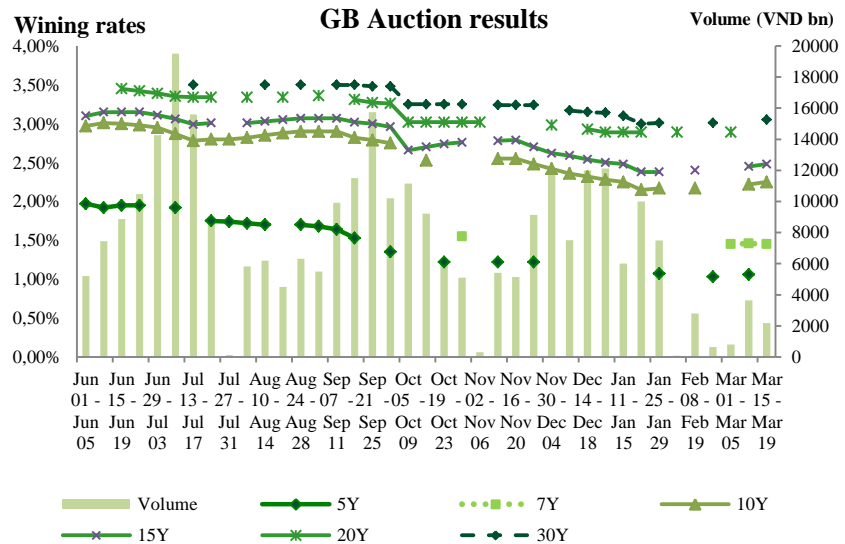
Primary Market

Wining volume decreased and wining rates inched up.

VND 2,181 bn was mobilized from ST. Therein, ST successfully issued VND 31 bn at 7Y tenors, VND 1.000 bn at 10Y tenors, VND 1.000 bn at 15Y tenors, and VND 150 bn at 30Y tenors. The registered volume-to-offering volume ratios for 5Y, 7Y, 10Y, 15Y & 30Y tenors were 1.40; 1.18; 2.33; 2.48 and 3.05 times. Winning volume-to-offering ratios for these tenors stood at 0%, 3.10%, 50%, 50%, 30%, respectively.

Wining rates for 7Y, 10Y, 15Y and 20Y stood at 1.45% (-01 bps), 2.25% (+03 bps), 2.48% (+03 bps) and 3.05% (+04 bps).

VDB and VBSP did not mobilize bond this week.



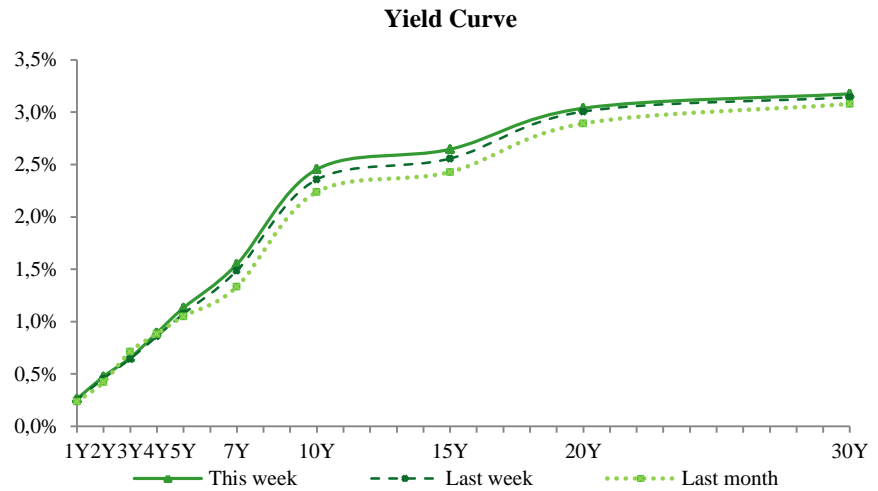
Source: HNX, VCBS

Secondary Market

VND 46,871 (+11.50% wow) bn was traded on the secondary market.

VND 46,871 (+11.50% wow) was traded on the secondary market. In detail, Outright and repo values were at VND 33,735 bn (+4.6% wow) and VND 13,136 bn (+34.4% wow), respectively. Regarding outright, ST-Bond kept totally dominating trading volume with 95%. The most liquid tenor is 7Y-15Y with roughly 80% of trading value

Yield curve shifted upward fractionally. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0,261% (+0,9 bps), 0,476% (+1,8 bps), 0,655% (+1 bps), 0,893% (+3,3 bps), 1,132% (+5,6 bps), 1,548% (+6,1 bps), 2,454% (+9,7 bps), 2,646% (+8,9 bps), 3,038% (+3,2 bps), 3,175% (+3,3 bps), respectively. As mentioned in previous reports, market participants concern on recent movement US government bond yields and higher inflation. In addition, Vietnam government bond yields have decreased sharply from 2020 to now, thus, bond yields tend to regain the balance in the period.



Source: VBMA, VCBS compiles

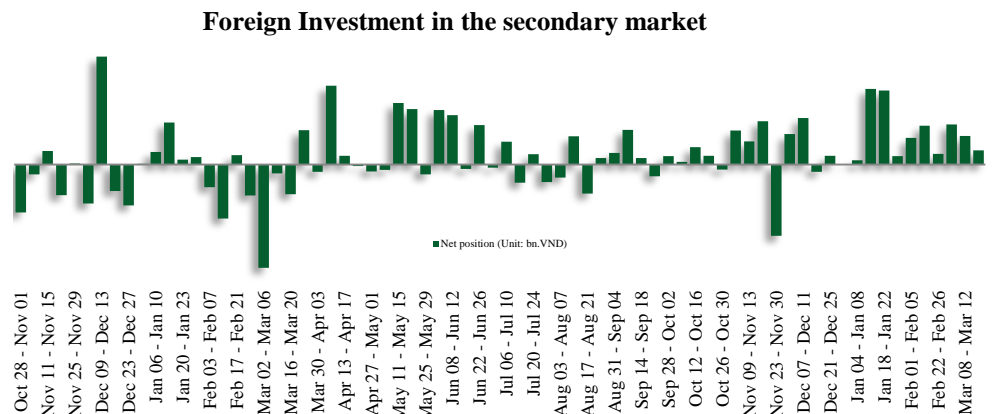
On March 18, FOMC announced to keep interest rates (0% -0.25%), and buy at least USD 120 billion of bonds monthly. Fed also said that they would ensure that monetary policy would continue to deliver powerful support to the economy until the recovery is complete.” Fed forecast US economy may grow by 6.5% this year and the unemployment rate dropped to 4.5% at the end of the year, more positive than 4.2% growth and 5% unemployment rate in the meeting last December.

Moody's Investors Service (Moody's) has maintained the Government of Vietnam's long-term issuer and senior unsecured ratings at Ba3 and changed the outlook to positive from negative. The drivers of the positive outlook include signs of improvements in fiscal strength and potential improvements in economy. In addition, Vietnam may benefit from global shifts in supply chain.

At the present, we do not observe factor that can change the long-term trend of bond yields. In the short-term, VCBS remains the view that bond yields should move sideways down with supporting argument from domestic factors and worldwide trend; and abundant liquidity is still available in the banking system.

Foreign investors net bought VND 243.78 bn.

Foreign investors net bought VND 243.78 bn at all tenors this week.



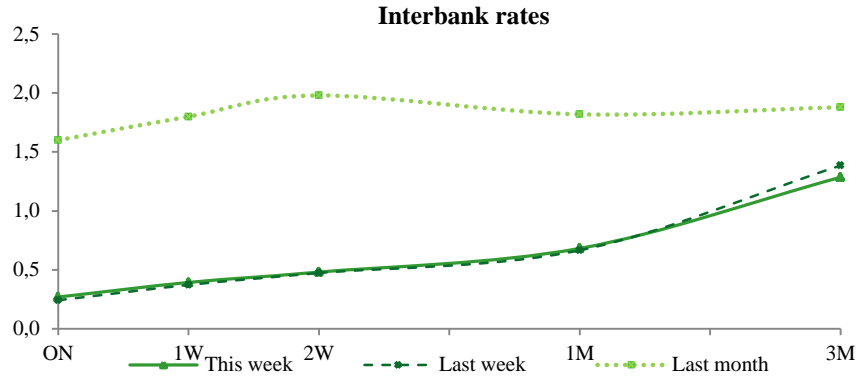
Source: HNX, VCBS

INTEREST RATE

Interbank Rates

Interbank rates stayed at low levels.

Interbank rates stayed at low levels. In details, ON – 3M rates posted 0,269%, 0,393%, 0,481%, 0,682% and 1,286%, respectively according to Bloomberg data.



Source: Bloomberg, VCBS

Moody's kept the Ba3 ranking for 15 Vietnamese banks and adjusted its outlook:

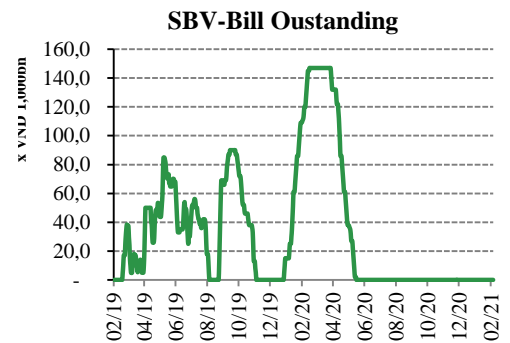
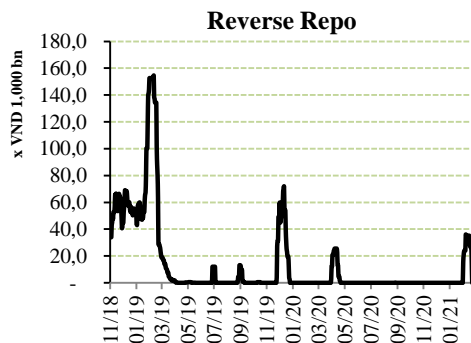
- From Negative to Positive: VCB, Agribank, BID, CTG, TCB, BID
- From Stable to Positive: OCB, TPB, VPB, VIB
- From Negative to Stable: ABB, ACB, HDB, LPB, MBB, SSB

Note that, thank to this, banks can have better exposure to foreign capitals at a lower cost. Therefore, cost of funds shall reduce and support the idea of interbank rates hover at a low level in upcoming weeks.

Open Market Operation

No transaction recorded this week.

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								
17-Mar-21	5Y	1.000	1.400	-	1,40	0	0,00%	ST
17-Mar-21	7Y	1.000	1.181	31	1,18	1,45	3,10%	ST
17-Mar-21	10Y	2.000	4.651	1.000	2,33	2,25	50,00%	ST
17-Mar-21	15Y	2.000	3.800	1.000	1,90	2,48	50,00%	ST
17-Mar-21	30Y	500	1.150	150	2,30	3,05	30,00%	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
12/14 - 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	-	-	-	-	-	-	-	-
03/15 - 03/19	-	-	-	-	-	-	-	-

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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>