

Fixed-Income Report

Mar 22nd – 26th/2021

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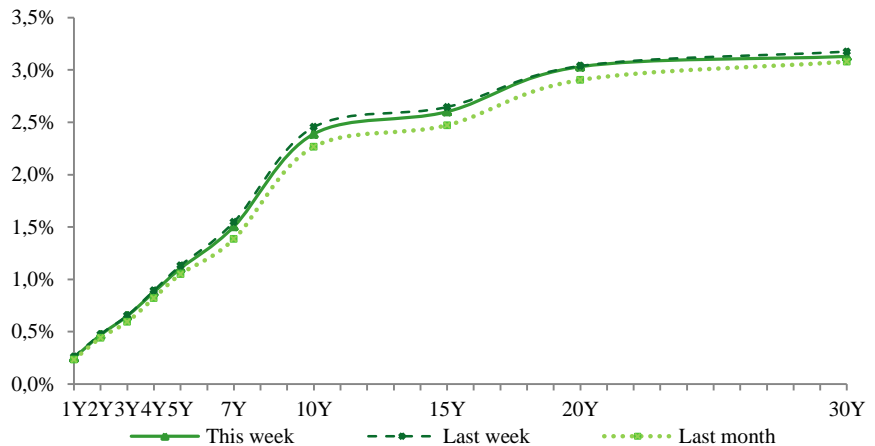
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Round-up

- Primary market was less active.
- Yield curve shifted downward fractionally.
- Interbank rates posted at low levels.

Yield Curve



Source: VBMA, VCBS compiles

- VND 2,000 bn was mobilized from ST. VND 64,379 (+37.13% wow) bn was traded on the secondary market.
- Yield curve shifted downward minimally. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0,25% (-1,1 bps), 0,47% (-0,6 bps), 0,65% (-0,5 bps), 0,878% (-1,5 bps), 1,105% (-2,7 bps), 1,504% (-4,4 bps), 2,389% (-6,5 bps), 2,601% (-4,5 bps), 3,031% (-0,7 bps), 3,129% (-4,6 bps), respectively. Downward force dominated on bond market implied that market participants are more confident about bright outlook of the economy.
- 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 29th – Apr 02nd

- We observe that liquidity in the money market is still abundant; thus, it is one of the main factors for down force on the bond market. In addition, in the context of bright outlook of economy, VCBS believe that bond yields shall regain downward force soon.
- So far we do not foresee the factors that will the abundant liquidity. Hence, we believe that interbank rates shall settle stably at this level.

Bond Market

VND 2,000 bn was mobilized from ST.

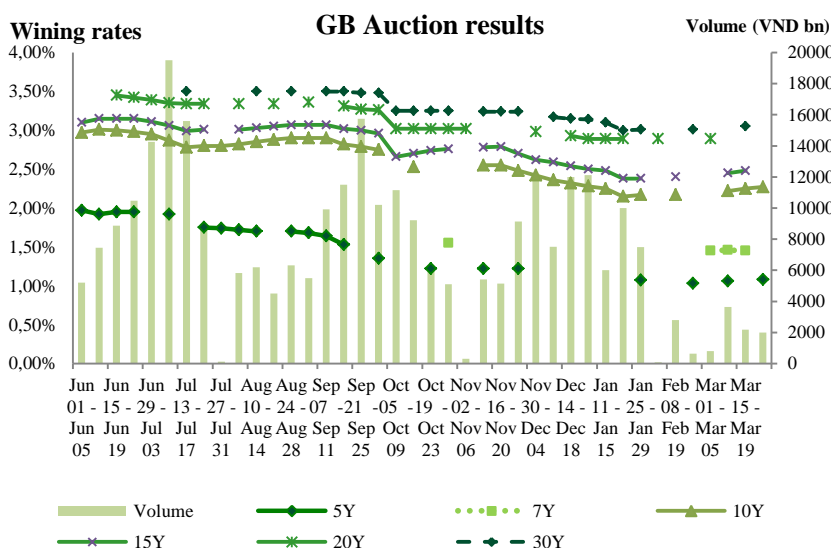
Primary Market

Primary market was less active and winning rates inched up.

VND 2,000 bn was mobilized from ST. Therein, ST successfully issued VND 1,000 bn at 5Y tenors and VND 1,000 bn at 10Y tenors. The registered volume-to-offering volume ratios for 5Y, 7Y, 10Y, 15Y & 20Y tenors were 3.05; 2.83; 2.40; 2.09 times. Winning volume-to-offering ratios for 5Y & 10Y tenors stood at 100% and 50%.

Winning rates for 5Y and 10Y stood at 1.08% (+02 bps) and 2.27% (+02 bps).

VDB and VBSP did not mobilize bond this week.



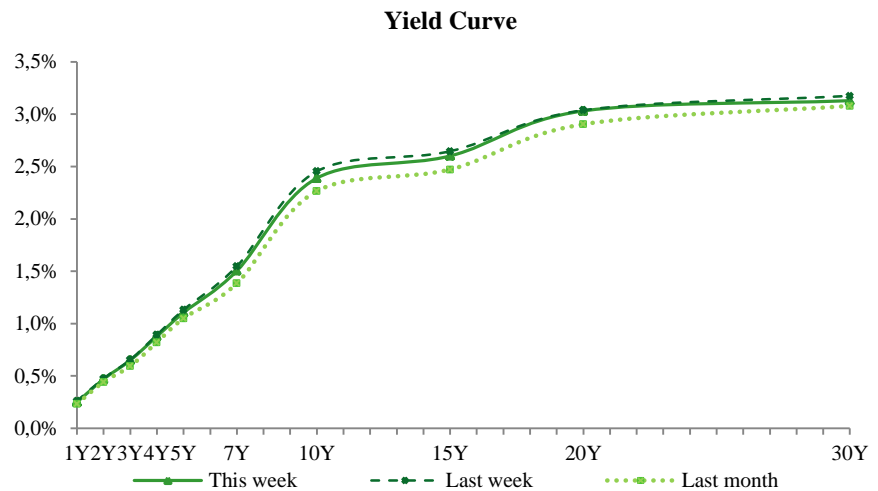
Source: HNX, VCBS

VND 64,379 (+37.13% wow) bn was traded on the secondary market.

Secondary Market

VND 64,379 (+37.13% wow) was traded on the secondary market. Trading volume increased considerably indicated that market sentiment was less pessimistic than the previous weeks. In detail, Outright and repo values were at VND 42,464 bn (+25.6% wow) and VND 21,915 bn (+66.8% wow), respectively. Regarding outright, ST-Bond kept totally dominating trading volume with 99%. The most liquid tenor is 7Y-15Y with roughly 80% of trading value

Yield curve shifted downward minimally. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0,25% (-1,1 bps), 0,47% (-0,6 bps), 0,65% (-0,5 bps), 0,878% (-1,5 bps), 1,105% (-2,7 bps), 1,504% (-4,4 bps), 2,389% (-6,5 bps), 2,601% (-4,5 bps), 3,031% (-0,7 bps), 3,129% (-4,6 bps), respectively. Downward force dominated on bond market implied that market participants are more confident about bright outlook of the economy.



Source: VBMA, VCBS compiles

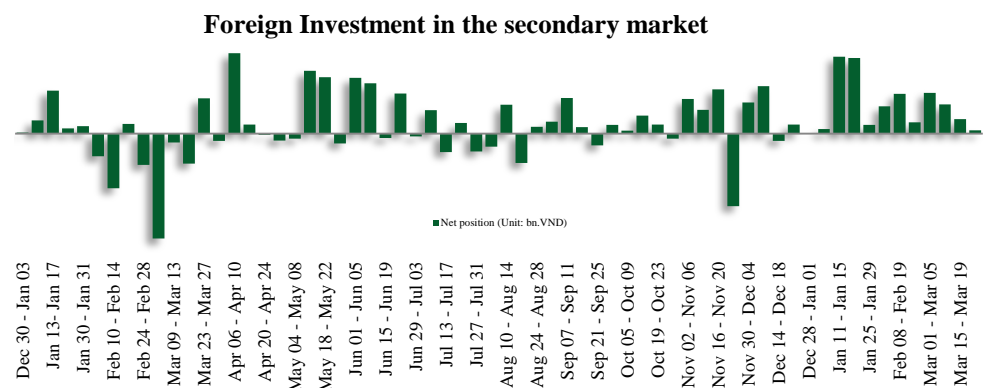
According to GSO, GDP growth in the first quarter of 2021 reached 4.48% yoy. The figure is still positive given that the Covid-19 pandemic has complicated developments in some localities, negatively affecting the economy from the end of January to the beginning of March. This figure is likely to create a promising start to the year, especially when the vaccine program is being accelerated.

CPI in March 2021 decreased by 0.27% mom, the consumer demand after the Lunar New Year decreased seasonally, abundant supplies created the decrease in prices of foods. Accordingly, the CPI increased by 1.31% compared to December 2020, and CPI increased by 1.16% yoy, the lowest increase since 2016. Average CPI in the first quarter of 2021 increased by 0.29% yoy, the lowest increase in the past 20 years. **We believe that this news shall wash away recent concern on higher expected inflation. Although CPI may speed up a little bit in upcoming months, the CPI at the end of the year shall not exceed 3.5%.**

We observe that liquidity in the money market is still abundant; thus, it is one of the main factors for down force on the bond market. In addition, in the context of bright outlook of economy, VCBS believe that bond yields shall regain downward force soon.

Foreign investors net bought VND 53.49 bn.

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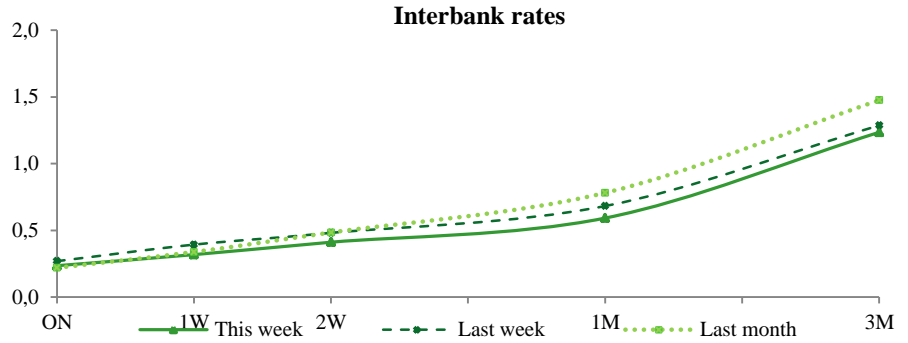
Source: HNX, VCBS

INTEREST RATE

Interbank rates stayed at low levels.

Interbank Rates

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



Source: Bloomberg, VCBS

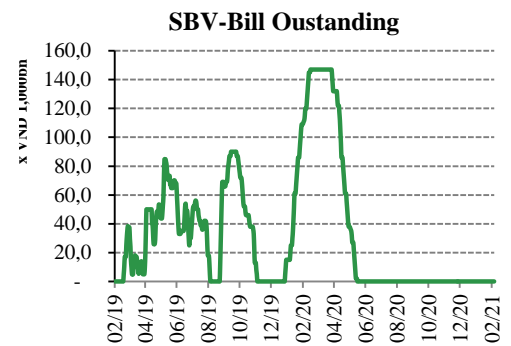
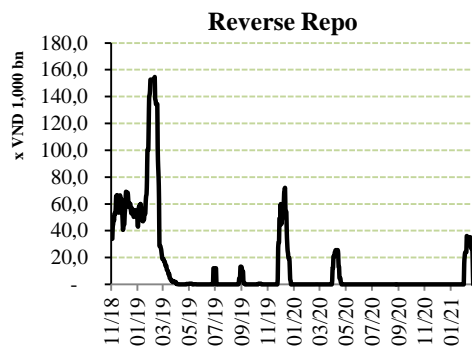
From the beginning of the month, some banks increased deposit rates from 10-50 bps for individual customers. Upward pressure on deposit rates this month, after February saw deposit rates have decreased about 30 bps for all tenors. We notice that upward pressure on deposit rates is only recorded on certain banks, which have low level of deposit rates in banking system. Thus, this may not reflect an increase in deposit rate for the whole system. Besides, it is unlikely that interest rates will rise higher in the context of a stable macroeconomic background, good inflows. In addition, according to GSO, credit growth was quite low and stood at 1.47%. It implied that there is no phenomenal demand for credit and abundant liquidity is still in the system.

So far we do not foresee the factors that will dampen the abundant liquidity. Hence, we believe that interbank rates shall settle stably at this level.

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								
24-Mar-21	5Y	1.000	3.050	1.000	3,05	1,08	100,00%	ST
24-Mar-21	10Y	2.000	5.651	1.000	2,83	2,27	50,00%	ST
24-Mar-21	15Y	2.000	4.800	-	2,40	0	0,00%	ST
24-Mar-21	20Y	500	1.045	-	2,09	0	0,00%	ST

Secondary Market

Issuer	Last		Current	
	Value	Value share	Value	Value share
Outright				
ST	32.193	95,22%	42.464	100,00%
VDB	-	0,00%	-	0,00%
VBSP	1.617	4,78%	-	0,00%
Others	-	0,00%	-	0,00%
Subtotal (1)	33.810	100,00%	42.464	100,00%
Repo				
Repo	13.136	47,83%	21.915	62,22%
Reserve Repo	14.329	52,17%	13.307	37,78%
Subtotal (2)	27.465	100,00%	35.221	100,00%
ST bills				
Outright				
Repo				
Subtotal (3)				
Total (1)+(2)+(3)	61.275		77.686	

Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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	-	-	-	-	-	-	-	-
03/22 - 03/26	-	-	-	-	-	-	-	-

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