

Fixed-Income Report

Mar 29th – Apr 02nd/2021

In this issue

- Round up
- Bond market
- Interest rates

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See Disclaimer at Page 5

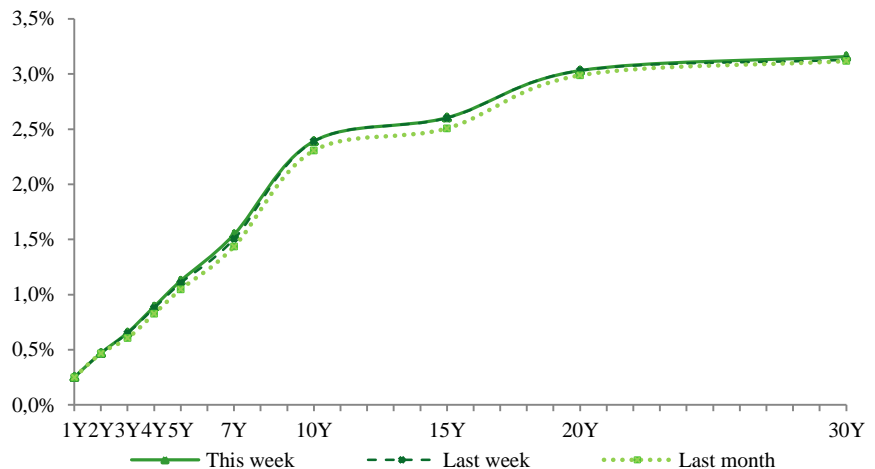
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Round-up

**Wining rates inched up.
Yield curve shifted upward minimally.
Interbank rates stayed at low levels.**

Yield Curve



Source: VBMA, VCBS compiles

■ VND 3,553 bn was mobilized from ST. VND 34,188 (-46.96% wow) bn was traded on the secondary market.

■ Yield curve shifted upward minimally. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0,252% (+0,2 bps), 0,47% (0 bps), 0,655% (+0,5 bps), 0,891% (+1,3 bps), 1,126% (+2,1 bps), 1,545% (+4,1 bps), 2,391% (+0,2 bps), 2,604% (+0,3 bps), 3,031% (0 bps), 3,158% (+2,9 bps), respectively. Bond yields inched up and trading volume decreased considerably indicated that market sentiment was less optimistic than the previous weeks

■ Interbank rates stayed at low levels. In details, ON – 3M rates posted 0,254%, 0,356%, 0,429%, 0,581% and 1,2%, respectively according to Bloomberg data.

■ No transaction via OMO channel recorded this week.

VCBS Commentary Apr 05th – Apr 09th

■ In the context of abundant liquidity and economic stability, we remain the view that bond yields shall gradually decrease in upcoming weeks

■ Next week, we believe that abundant liquidity remains in the money market. Consequently, we are quite confident about chance that liquidity in the market shall support a period of a low level of interbank rates.

Bond Market

VND 3,553 bn was mobilized from ST.

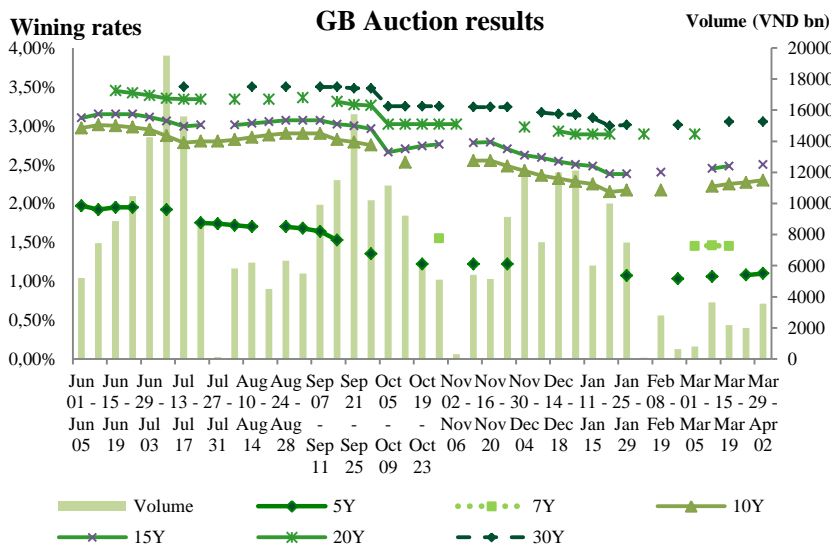
Primary Market

Wining rates inched up.

VND 3,553 bn was mobilized from ST. Therein, ST successfully issued VND 950 bn at 5Y tenor, VND 1,500 bn at 10Y tenor, VND 1,000 bn at 15Y tenor and VND 103 bn at 30Y tenor. The registered volume-to-offering volume ratios for 5Y, 10Y, 15Y & 30Y tenors were 2.65; 2.35; 1.90 and 1.91 times. Winning volume-to-offering ratios for 5Y, 10Y, 15Y & 30Y tenors stood at 95%, 75%, 50%, and 20.6%.

Wining rates for 5Y and 10Y stood at 1.10% (+02 bps), 2.30% (+03 bps), 2.50% (+02 bps) and 3.05% (unchanged).

VDB and VBSP did not mobilize bond this week.



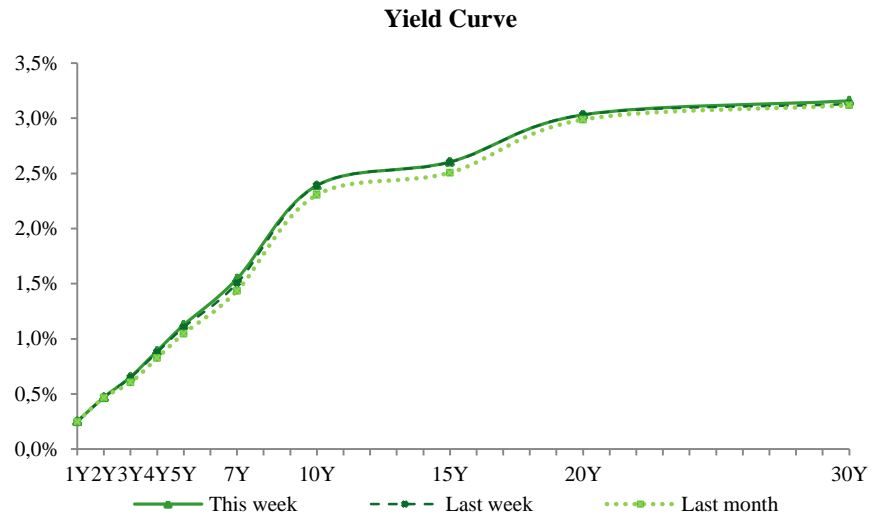
Source: HNX, VCBS

Secondary Market

VND 34,188 (-46.96% wow) bn was traded on the secondary market.

VND 34,188 (-46.96% wow) was traded on the secondary market. In detail, Outright and repo values were at VND 20,711 bn (-51.3% wow) and VND 13,478 bn (-38.5% 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 upward minimally. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0,252% (+0,2 bps), 0,47% (0 bps), 0,655% (+0,5 bps), 0,891% (+1,3 bps), 1,126% (+2,1 bps), 1,545% (+4,1 bps), 2,391% (+0,2 bps), 2,604% (+0,3 bps), 3,031% (0 bps), 3,158% (+2,9 bps), respectively. Bond yields inched up and trading volume decreased considerably indicated that market sentiment was less optimistic than the previous weeks



Source: VBMA, VCBS compiles

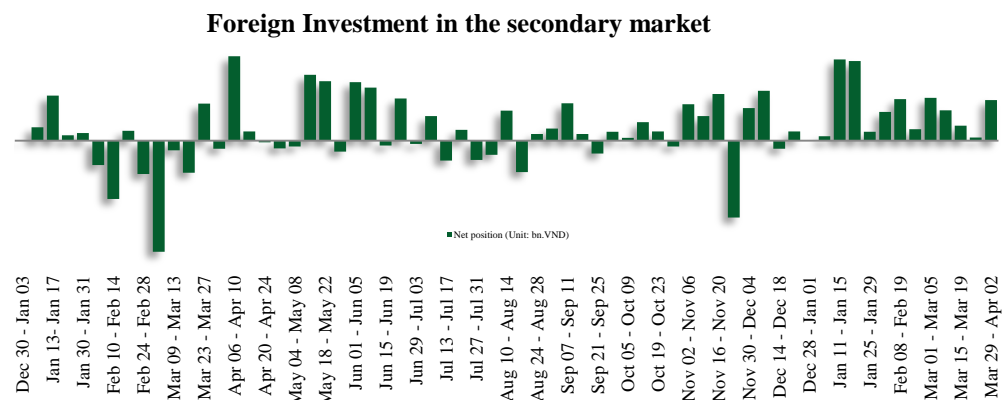
The State Bank has issued Circular 03/2021/TT-NHNN amending and supplementing Circular 01/2020/TT-NHNN: regulations on the rescheduling of debt repayment terms, exemption from and reduction of interests and fees, keeping debt groups to support customers affected by Covid-19. This circular mentions the roadmap for provision on restructure loans derived from Covid-19; the outstanding loans eligible for applying this circular. In general, we believe that it will create divergence impact on banking system and we can rule out the chance that NPL will increase significantly due to the pandemic.

Another legislative updates is the Circular 01/2021/TT-NHNN regulating the domestic issuance of promissory notes, bills, certificates of deposit, and bonds of credit institutions and branches of foreign banks. The key difference is that financial institution are allowed to purchase FI bonds in primary market provided that they answer all safety ratios regulated by laws and other related by-law document.

In the context of abundant liquidity and economic stability, we remain the view that bond yields shall gradually decrease in upcoming weeks.

Foreign investors net bought VND 660.28 bn.

Foreign investors net bought VND 660.28 bn at all tenors this week.



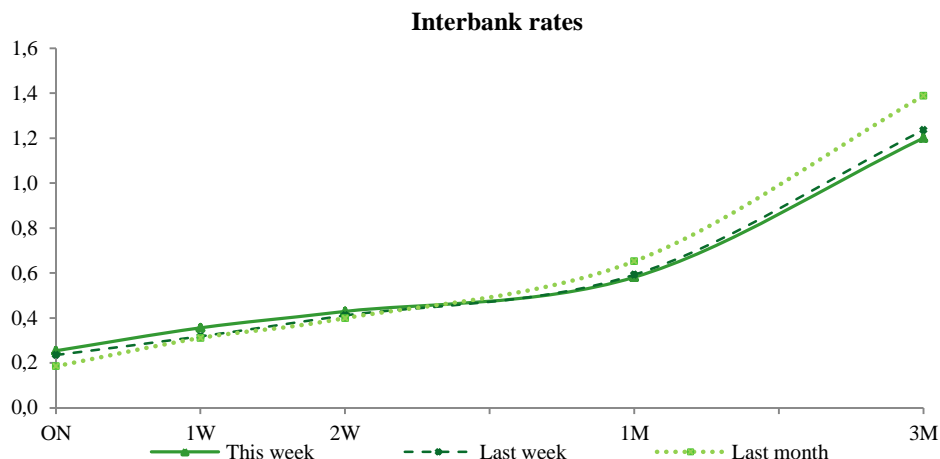
Source: HNX, VCBS

INTEREST RATE

Interbank rates stayed at low levels.

Interbank Rates

Interbank rates stayed at low levels. In details, ON – 3M rates posted 0,254%, 0,356%, 0,429%, 0,581% and 1,2%, respectively according to Bloomberg data.



Source: Bloomberg, VCBS

From March 26 to April 02, in the context of increasing DXY, the central rate observed changes by the State Bank through the sessions of the week. Closing the session on April 02, the central rate was listed at 23,241 VND/USD, up by 11 VND compared to the previous week's session. Meanwhile, exchange rates at commercial banks decreased by 15 VND, and stood at 22,980 VND/USD. In the context of trade surplus and good FDI inflows, we believe that exchange rate will remain stable in the future.

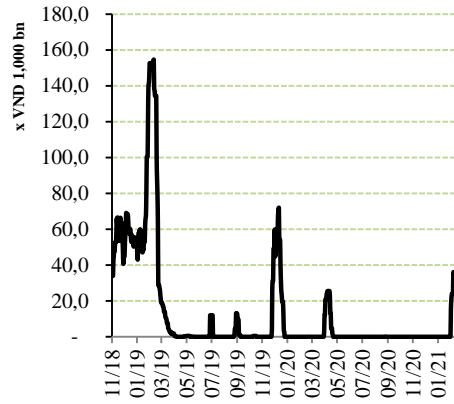
Next week, we believe that abundant liquidity remains in the money market. Consequently, we are quite confident about chance that liquidity in the market shall support a period of a low level of interbank rates.

Open Market Operation

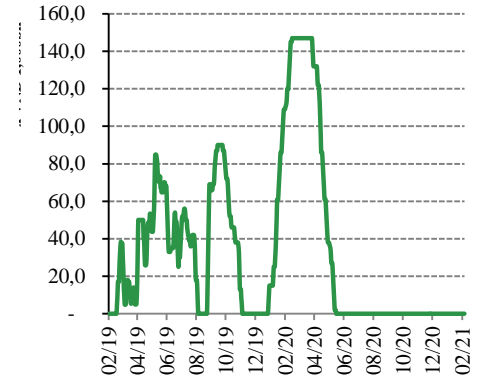
No transaction recorded this week.

SBV do not need to pump liquidity in the system.

Reverse Repo



SBV-Bill Outstanding



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								
31-Mar-21	5Y	1.000	2.650	950	2,65	1,1	95,00%	ST
31-Mar-21	10Y	2.000	4.701	1.500	2,35	2,3	75,00%	ST
31-Mar-21	15Y	2.000	3.800	1.000	1,90	2,5	50,00%	ST
31-Mar-21	30Y	500	953	103	1,91	3,05	20,60%	ST

Secondary Market

Issuer	Last		Current	
	Value	Value share	Value	Value share
Outright				
ST	42.539	100,00%	20.385	98,43%
VDB	-	0,00%	326	1,57%
VBSP	-	0,00%	-	0,00%
Others	-	0,00%	-	0,00%
Subtotal (1)	42.539	100,00%	20.711	100,00%
Repo				
Repo	21.915	62,22%	13.478	60,24%
Reserve Repo	13.307	37,78%	8.894	39,76%
Subtotal (2)	35.221	100,00%	22.371	100,00%
ST bills				
Outright				
Repo				
Subtotal (3)				
Total (1)+(2)+(3)	77.760		43.082	

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	-	-	-	-	-	-	-	-
03/29 - 04/02	-	-	-	-	-	-	-	-

DISCLAIMER

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