

**Fixed-Income Report**

Jan 17<sup>th</sup> – 21<sup>st</sup>/2022

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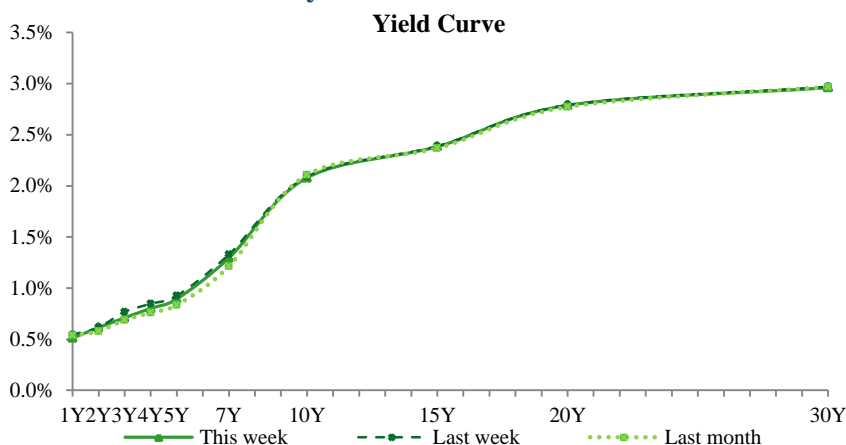
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**Round-up**

**The primary market was less active.  
Bond yields shifted downward minimally.  
Interbank rates considerably this week.**



Source: VBMA, VCBS compiles

■ VND 6,250 bn was mobilized from ST. VND 73,203 bn (+56.3% wow) was traded on the secondary market.

■ Bond yields shifted downward minimally. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0.512% (-3.3 bps), 0.614% (-0.2 bps), 0.71% (-5.8 bps), 0.802% (-4.5 bps), 0.894% (-3.1 bps), 1.295% (-3.4 bps), 2.08% (-1.1 bps), 2.384% (-0.5 bps), 2.788% (-0.3 bps), 2.961% (-0.9 bps), respectively.

■ Foreign investors net bought VND 122 bn.

■ Interbank rates considerably this week. In details, ON – 3M rates posted at 1.039%, 1.589%, 1.962%, 2.111% and 2.271%, respectively according to Bloomberg data.

■ SBV net injected VND 1065.15 bn via OMO channel.

**VCBS Commentary**

■ Given that interbank rates will not pull back strongly due to seasonal factor and the movement of bond yields shall depend on the liquidity status in the banking system, bond yields may increase slightly in the next week.

■ It is unlikely that interbank rates will decrease further because the top priority for all financial institutions was answering the high demand of cash. Thus, interbank rates may increase considerably in the short run.

**Bond Market**

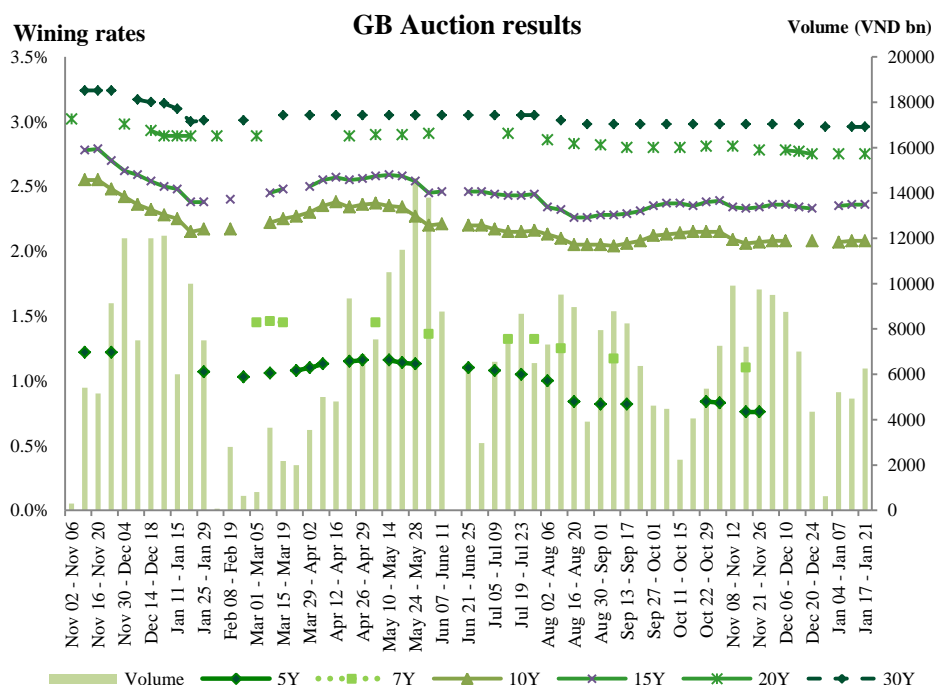
**Primary Market**

**VND 6,250 bn was mobilized from ST.**

**The primary market was less active.**

**VND 6,250 bn was mobilized from ST.** Therein, ST successfully issued VND 3,000 bn at 10Y tenors. VND 1,000 bn at 15Y tenors, VND 750 bn at 20Y tenors, VND 1,500 bn at 30Y tenors. The registered volume-to-offering volume ratios for 10Y, 15Y, 20Y, 30Y tenors were 2.86; 2.36; 2.75; 2.96 times respectively. Winning volume-to-offering ratios for 10Y, 15Y, 20Y, 30Y tenors stood at 100.00%; 50.00%; 75.00%; 100.00%. Winning rates for 10Y, 15Y, 20Y, 30Y stood at 2.08 (unchanged); 2.36 (unchanged); 2.75 (unchanged); 2.96 (unchanged), respectively.

VDB and VBSP did not mobilize bond this week.



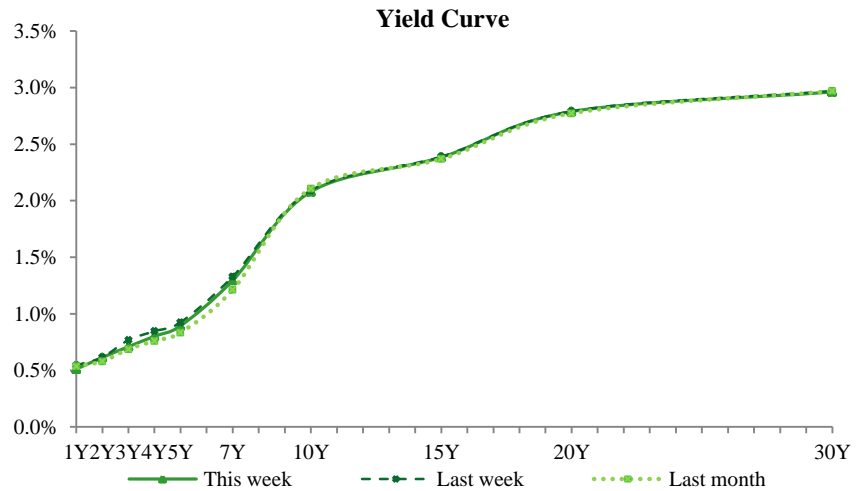
Source: HNX, VCBS compiles

**Secondary Market**

**VND 73,203 bn (+56.3% wow) was traded on the secondary market.**

**VND 73,203 bn (+56.3% wow) was traded on the secondary market.** Average trading volume per day is VND 14,641 bn. In detail, Outright and repo values were at VND 32,679 bn (+19.9% wow) and VND 40,524 bn (+106.9% wow) respectively. Regarding outright, ST-Bond kept totally dominating trading volume with 97%

**Bond yields shifted downward minimally.** According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0.512% (-3.3 bps), 0.614% (-0.2 bps), 0.71% (-5.8 bps), 0.802% (-4.5 bps), 0.894% (-3.1 bps), 1.295% (-3.4 bps), 2.08% (-1.1 bps), 2.384% (-0.5 bps), 2.788% (-0.3 bps), 2.961% (-0.9 bps), respectively.



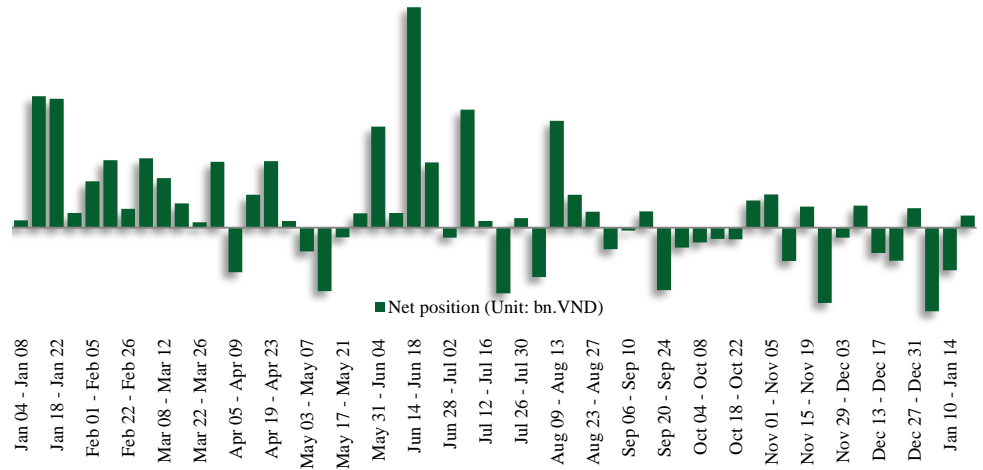
*Source: VBMA, VCBS compiles*

This week will be the last week before the Lunar New Year. In addition, market participants were hold their breath for the FOMC as well as the ECB monetary policy decisions. So far, the expectation is that Fed will end the asset purchasing program and also make a rate hike this March. In case, there is not something beyond expectation, bond yields will not fluctuate strongly next week.

**Foreign investors net bought VND 122 bn.**

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**Foreign Investment in the secondary market**



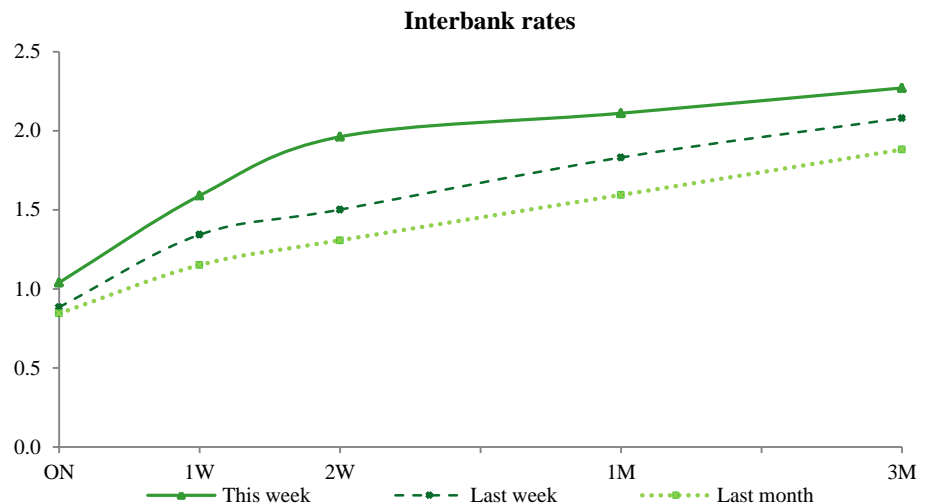
Source: HNX, VCBS

**INTEREST RATE**

**Interbank Rates**

**Interbank increased considerably this week.**

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Source: Bloomberg, VCBS

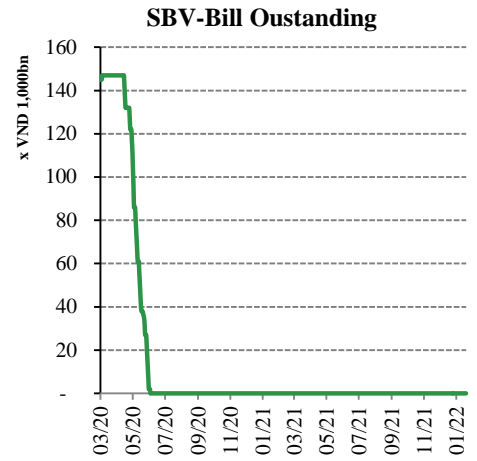
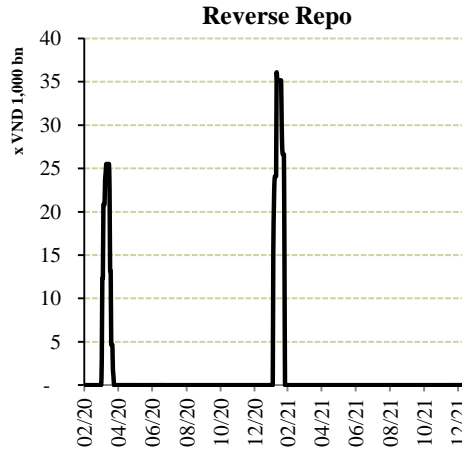
We did not change our view that when it is getting closer to Lunar new year holiday, demand for cash from businesses and residents is higher. Thus, it is unlikely that interbank rates will decrease because the top priority for all financial institutions was answering the high demand of cash. Instead,

interbank rates may increase considerably in the short run.

**Open Market Operation**

**SBV net injected VND 1065.15 bn via OMO channel.**

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Source: Bloomberg, VCBS Research

## 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>								
19-Jan-22	10Y	3,000	8,586	3,000	2.86	2.08	100.00%	ST
19-Jan-22	15Y	2,000	3,650	1,000	1.83	2.36	50.00%	ST
19-Jan-22	20Y	1,000	1,350	750	1.35	2.75	75.00%	ST
19-Jan-22	30Y	1,500	3,814	1,500	2.54	2.96	100.00%	ST

### Secondary Market

Issuer	Last week		Current week	
	Value	Value share	Value	Value share
<b>Outright</b>				
ST	27,247	100.00%	31,790	97.28%
VDB	-	0.00%	749	2.29%
VBSP	-	0.00%	-	0.00%
Others	-	0.00%	140	0.43%
<b>Subtotal (1)</b>	<b>27,247</b>	<b>100.00%</b>	<b>32,679</b>	<b>100.00%</b>
<b>Repo</b>				
Repo	19,583	37.44%	40,524	62.76%
Reserve Repo	32,716	62.56%	24,046	37.24%
<b>Subtotal (2)</b>	<b>52,299</b>	<b>100.00%</b>	<b>64,570</b>	<b>100.00%</b>
<b>ST bills</b>				
Outright				
Repo				
<b>Subtotal (3)</b>				
<b>Total (1)+(2)+(3)</b>	<b>79,545</b>		<b>97,249</b>	

### Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
09/13 – 09/17	-	-	-	-	-	-	-	-
09/20 – 09/24	-	-	-	-	-	-	-	-
09/27 – 10/01	-	-	-	-	-	-	-	-
10/04 – 10/08	-	-	-	-	-	-	-	-
10/11 – 10/15	-	-	-	-	-	-	-	-
10/18 – 10/22	-	-	-	-	-	-	-	-
10/25 – 10/29	-	-	-	-	-	-	-	-
11/01 – 11/05	-	-	-	-	-	-	-	-
11/08 – 11/12	-	-	-	-	-	-	-	-
11/15 – 11/19	-	-	-	-	-	-	-	-
11/22 – 11/26	-	-	-	-	-	-	-	-
<b>01/17 - 01/21</b>	-	<b>1,065</b>	<b>1,065</b>	<b>1,065</b>	-	-	-	-

## **DISCLAIMER**

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